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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.

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

CIRCULAR TO SHAREHOLDERS

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 Proposed Shareholders' Mandate will be tabled at the 44th Annual General Meeting of the Company to be held at Grand Ballroom, Level 2, Aloft Kuala Lumpur Sentral, 5, Jalan Stesen Sentral, Kuala Lumpur Sentral, 50470 Kuala Lumpur on Tuesday, 22 May 2018 at 10.00 a.m. The Notice of the 44th Annual General Meeting and the Form of Proxy are despatched together with the Annual Report 2017 of the Company and this Circular.

A member of the Company entitled to attend and vote at the meeting is entitled to appoint proxy/proxies to attend and vote on his/her behalf. The Form of Proxy shall be lodged at the Registered Office of the Company at Level 29, Menara Allianz Sentral, 203, Jalan Tun Sambanthan, Kuala Lumpur Sentral, 50470 Kuala Lumpur not later than 24 hours before the appointed time for holding the 44th Annual General Meeting. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

The last day and time for lodging the Form of Proxy is on Monday, 21 May 2018 at 10.00 a.m.

This Circular is dated 23 April 2018

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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
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 nominal amount of that share, or the aggregate of the nominal amounts of those shares, is:- (a) 10% or more of the aggregate of the nominal amounts of all the voting shares in the Company; or (b) 5% or more 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

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, major shareholder or a family member of the Director or major shareholder, is the sole beneficiary;
 - (c) a partner of the Director, major shareholder or a partner of a person connected with that Director or major shareholder;
 - (d) a person who is 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 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 or its Directors which/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;
 - (g) a body corporate or its Directors whose directions, instructions or wishes the Director or major shareholder is accustomed or under an obligation, whether formal or informal, to act;
 - (h) a body corporate in which the Director, major shareholder or persons connected with him are entitled to exercise, or control the exercise of, not less than 15% of the votes attached to voting shares in the body corporate; or
 - (i) a body corporate which is a related corporation

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)
(Incorporated in Malaysia)

Registered Office:-

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

23 April 2018

Board of Directors:-

Tan Sri Razali Bin Ismail (Chairman – Non-Independent Non-Executive Director)
Foo San Kan (Non-Independent Non-Executive Director)
Dato' Dr. Thillainathan A/L Ramasamy (Independent Non-Executive Director)
Tan Sri Datuk (Dr.) Rafiah Binti Salim (Independent Non-Executive Director)
Tunku Zain Al-'Abidin Ibni Tuanku Muhriz (Independent Non-Executive Director)

To: **The Shareholders of AMB**

Dear Shareholders

PROPOSED SHAREHOLDERS' MANDATE

1. INTRODUCTION

At the 43rd AGM of the Company held on 24 May 2017, 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 44th AGM unless authority for its renewal is obtained from the shareholders of the Company.

On 22 February 2018, 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 44th AGM of the Company scheduled to be held at Grand Ballroom, Level 2, Aloft Kuala Lumpur Sentral, 5, Jalan Stesen Sentral, Kuala Lumpur Sentral, 50470 Kuala Lumpur on Tuesday, 22 May 2018 at 10.00 a.m.

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 44th AGM will take effect from the passing of the ordinary resolutions proposed at the 44th AGM and will continue to be in force until:-

- (a) the conclusion of the next AGM of the Company following the forthcoming 44th 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 ^{N1}				Estimated value of income to the AMB Group ^{N4}	Estimated value of expenses to the AMB Group ^{N4}
				Income to the AMB Group		Expenses to the AMB Group			
				Estimated value ^{N2}	Actual value ^{N3}	Estimated value ^{N2}	Actual value ^{N3}		
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	⁽⁷⁾ 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	RM150,000,000	RM15,407,241	RM250,000,000	RM99,714,676	RM40,000,000 ^{N5}	RM210,000,000 ^{N5}
				RM10,000,000	RM58,303	RM200,000,000	(RM15,715,059) [#]	RM10,000,000 ^{N5}	RM150,000,000 ^{N5}

Principal Activities of Related Party	Relationship	Nature of Recurrent Related Party Transactions	Mandate	Existing Mandate ^{N1}				Estimated value of income to the AMB Group ^{N4}	Estimated value of expenses to the AMB Group ^{N4}
				Income to the AMB Group		Expenses to the AMB Group			
				Estimated value ^{N2}	Actual value ^{N3}	Estimated value ^{N2}	Actual value ^{N3}		
		^(b) 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	-	-	RM244,000/ USD 55,000	-	RM213,000/ USD 55,000	
		^(c) Payment of annual maintenance and support fees by ALIM and AGIC to Allianz Technology SE (formerly known as Allianz Managed Operations And Services SE) ("Allianz Technology") for the software system provided by Allianz Technology	Existing	-	-	RM2,420,000/ EUR 513,000	RM523,139/ EUR 106,722	RM2,676,000/ EUR 563,000	
		^(d) Payment of fees by AMB Group to Allianz Technology for sharing of Allianz Worldwide Intranet Network ("AWIN")	Existing	-	-	RM581,100/ EUR 123,000	RM279,269/ EUR 56,972	RM630,000/ EUR 132,200	

Principal Activities of Related Party	Relationship	Nature of Recurrent Related Party Transactions	Mandate	Existing Mandate ^{N1}					Estimated value of income to the AMB Group ^{N4}	Estimated value of expenses to the AMB Group ^{N4}
				Income to the AMB Group		Expenses to the AMB Group		Actual value ^{N3}		
				Estimated value ^{N2}	Actual value ^{N3}	Estimated value ^{N2}	Actual value ^{N3}			
		^(e) Payment of fees by AMB Group to Allianz Technology for sharing of Human Resource ("HR") database platform	Existing	-	-	RM224,000/ EUR 47,300	RM77,646/ EUR15,840	-	RM200,000/ EUR 42,000	
		^(f) Payment of fees by AGIC and ALIM to Allianz Technology for purchasing of various software licenses	Existing	-	-	RM1,320,000/ EUR 280,000	RM281,020/ EUR 57,329	-	RM1,865,000/ EUR 387,000	
		^(g) Payment of fees by AMB Group to Allianz Technology for the usage of TeamMate Solution	Existing	-	-	RM91,000/ EUR 19,500	RM20,615/ EUR 4,206	-	RM64,000/ EUR 13,500	
		^(h) Engagement of Allianz Technology, Munich branch Wallisellen for the support and maintenance support service on Expert Underwriting System	Existing	-	-	RM318,000/ EUR 67,500	RM267,821/ EUR 54,636	-	RM291,000/ EUR 61,200	

Principal Activities of Related Party	Relationship	Nature of Recurrent Related Party Transactions	Mandate	Existing Mandate ^{N1}				Estimated value of income to the AMB Group ^{N4}	Estimated value of expenses to the AMB Group ^{N4}
				Income to the AMB Group		Expenses to the AMB Group			
				Estimated value ^{N2}	Actual value ^{N3}	Estimated value ^{N2}	Actual value ^{N3}		
		(1) 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	-	-	RM110,000/ EUR 23,000	RM86,746/ EUR 17,696	RM191,000/ EUR 40,150	
		(1) Payment of fees by ALIM to IDS GmbH ("IDS") for conducting performance attribution analysis	Existing	-	-	RM13,500/ EUR 2,900	RM10,757/ EUR 2,150	RM14,000/ EUR 2,900	
		(2) Investment and redemption of funds (including fund management fees) distributed by Allianz Global Investors Singapore Limited ("AGI"), by ALIM	Existing	RM80,000,000	RM977,208	RM40,000,000	RM668,764	RM40,000,000	
		(1) 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	RM2,878,743	RM3,800,000	

Principal Activities of Related Party	Relationship	Nature of Recurrent Related Party Transactions	Mandate	Existing Mandate ^{N1}				Estimated value of income to the AMB Group ^{N4}	Estimated value of expenses to the AMB Group ^{N4}
				Income to the AMB Group		Expenses to the AMB Group			
				Estimated value ^{N2}	Actual value ^{N3}	Estimated value ^{N2}	Actual value ^{N3}		
		(^m) Payment of fees by AGIC and ALIM to RCM Asia Pacific Limited ("RCM") for sharing of AGI Global Bloomberg Asset & Investment Manager database, IT support, maintenance and execution of equity transactions provided by RCM to AGIC and ALIM	Existing	-	-	RM805,000/ USD 176,000	RM492,779/ USD 120,089	-	RM692,000/ USD 179,200
		(ⁿ) 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	-	-	RM410,000/ EUR 87,000	RM300,287/ EUR 61,233	-	RM463,000/ EUR 97,500
		(^o) Payment of fees by AGIC and ALIM to AIM SE for supporting advisory services in various areas of the investment process	Existing	-	-	RM271,000/ EUR 57,200	RM357,736/ EUR 69,792	-	RM330,000/ EUR 70,000
		(^p) Payment of fees by AMB Group to Allianz SE for sharing of marketing measures undertaken by Allianz SE	Existing	-	-	RM2,400,000/ EUR 510,000	RM1,253,354/ EUR 254,451	-	RM2,400,000/ EUR 496,000

Principal Activities of Related Party	Relationship	Nature of Recurrent Related Party Transactions	Mandate	Existing Mandate ^{N1}				Estimated value of income to the AMB Group ^{N4}	Estimated value of expenses to the AMB Group ^{N4}
				Income to the AMB Group		Expenses to the AMB Group			
				Estimated value ^{N2}	Actual value ^{N3}	Estimated value ^{N2}	Actual value ^{N3}		
		⁽⁴⁾ 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	-	-	RM347,000/ EUR 74,000	RM270,282/ EUR 75,604	-	RM355,000/ EUR 75,000
		⁽⁵⁾ 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	-	-	RM59,200,000/ EUR 12,530,000	RM30,087,353/ EUR 6,137,896	-	RM43,000,000/ EUR 9,100,000
		⁽⁶⁾ Payment of fees by AGIC and ALIM to Allianz SE on the support of design and development for Global Digital Factory	Existing	-	-	RM456,000/ EUR 96,500	RM404,786/ EUR 83,707	-	RM110,000/ EUR 23,100
		⁽⁷⁾ Payment of fees by ALIM and AGIC to Allianz SE for IT security services	Existing	-	-	RM683,000/ EUR 145,000	RM610,323/ EUR 124,505	-	RM680,000/ EUR 143,000

Principal Activities of Related Party	Relationship	Nature of Recurrent Related Party Transactions	Mandate	Existing Mandate ^{N1}				Estimated value of income to the AMB Group ^{N4}	Estimated value of expenses to the AMB Group ^{N4}
				Income to the AMB Group		Expenses to the AMB Group			
				Estimated value ^{N2}	Actual value ^{N3}	Estimated value ^{N2}	Actual value ^{N3}		
		(v) Payment of fees by AGIC to Allianz Worldwide Partners Services Sdn Bhd (formerly known as Mondial Assistance Services (Malaysia) Sdn Bhd) ("AWP") for road assistance services provided by AWP to AGIC's policyholders	Existing/ New	-	-	RM11,800,000	RM5,398,528	-	RM4,753,000
		(v) Payment of fees by AGIC to Allianz SE to support the development and improvement of technical excellence	Existing	-	-	RM68,000/ EUR 14,300	RM56,785/ EUR 11,388	-	RM69,000/ EUR 14,300
		(w) Payment of fees by AGIC to Allianz SE for the usage of software licenses purchased by Allianz SE from Willis Towers Watson	Existing	-	-	RM35,000/ EUR 7,300	RM32,665/ EUR 6,784	-	RM65,000/ EUR 13,600
		(x) Payment of fees by ALIM and AGIC to Allianz SE for the development of Allianz One Finance Programme	Existing/ New	-	-	RM79,000/ EUR 16,700	RM71,790/ EUR 16,700	-	RM89,000/ EUR 19,000

Principal Activities of Related Party	Relationship	Nature of Recurrent Related Party Transactions	Mandate	Existing Mandate ^{N1}				Estimated value of income to the AMB Group ^{N4}	Estimated value of expenses to the AMB Group ^{N4}
				Income to the AMB Group		Expenses to the AMB Group			
				Estimated value ^{N2}	Actual value ^{N3}	Estimated value ^{N2}	Actual value ^{N3}		
		⁽¹⁾ Operational fees received by AGIC for the services rendered by AGIC to Euler Hermes Singapore Services Pte Ltd ("EHS")	Existing	RM108,100	RM84,321	-	-	RM122,000	-
		⁽²⁾ Fees received by AMB for the provision of regional audit services by AMB to AZAP	Existing	RM1,440,000/ SGD 457,000	RM1,004,968/ SGD 332,102	-	-	RM1,470,000/ SGD 500,000	-
		^(a) Fees received by ALIM for the provision of regional underwriting services by ALIM to AZAP	Existing	RM356,000/ SGD 113,000	RM340,638/ SGD 112,768	-	-	RM366,000/ SGD 125,000	-
		^(b) Fees received by AMB for providing life actuarial modeling services to Allianz SE Group under the Regional Actuarial Center of Competence	Existing	RM1,897,000/ EUR 402,000	RM1,105,646	RM2,365,000/ EUR 501,000	-	RM2,400,000	-
		^(c) Payment of fees by AMB Group to Allianz Technology for the implementation of Allianz Global Network*	New	-	-	-	-	-	RM2,860,000/ EUR 595,000

Principal Activities of Related Party	Relationship	Nature of Recurrent Related Party Transactions	Mandate	Existing Mandate ^{N1}				Estimated value of income to the AMB Group ^{N4}	Estimated value of expenses to the AMB Group ^{N4}
				Income to the AMB Group		Expenses to the AMB Group			
				Estimated value ^{N2}	Actual value ^{N3}	Estimated value ^{N2}	Actual value ^{N3}		
		^(6D) Fees received by AGIC for services rendered in relation to the insurance software system provided to Allianz Global Corporate & Services SE ("AGCS") Singapore Branch and AGCS Hong Kong Branch	New	-	-	-	-	RM5,311,000/ USD 1,375,000	-
		^(6E) Payment of annual maintenance fees by AMB Group to Allianz Technology for SAP Central Accounting Platform/Investment Management Accounting*	New	-	-	-	-	-	RM3,820,000/ EUR 803,000
		⁽⁷⁾ 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*	New	-	-	-	-	RM2,100,000/ EUR 436,000	RM2,600,000/ EUR 545,000

Principal Activities of Related Party	Relationship	Nature of Recurrent Related Party Transactions	Mandate	Existing Mandate ^{N1}				Estimated value of income to the AMB Group ^{N4}	Estimated value of expenses to the AMB Group ^{N4}
				Income to the AMB Group		Expenses to the AMB Group			
				Estimated value ^{N2}	Actual value ^{N3}	Estimated value ^{N2}	Actual value ^{N3}		
		^(gg) Payment of fees by AMB Group to Allianz SE for the implementation of global cyber insurance solution	New	-	-	-	-	RM14,000/ EUR 2,900	
		^(hh) Payment of fees by AGIC to AZAP for subscription of the regional application license interface ("API") platform	New	-	-	-	-	RM686,000/ USD 160,000	

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

(a) Average exchange rates for the past 9 months, from 1 July 2017 to 31 March 2018, for the actual value of expenses and income to the AMB Group, subject to fluctuations:-

- (i) SGD 1 : RM3.0525
- (ii) EUR 1 : RM4.9019
- (iii) USD 1 : RM4.0931

(b) As at 31 March 2018, for the estimated value of expenses and income to the AMB Group, subject to fluctuations:-

- (i) SGD 1 : RM2.9464
- (ii) EUR 1 : RM4.7559
- (iii) USD 1 : RM3.8620

(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) Shook Lin & Bok

Principal Activities of Related Party	Relationship	Nature of Recurrent Party Transactions	Mandate	Existing Mandate ^{N1}				Estimated value of income to the AMB Group ^{N4}	Estimated value of expenses to the AMB Group ^{N4}
				Income to the AMB Group		Expenses to the AMB Group			
				Estimated value ^{N2}	Actual value ^{N3}	Estimated value ^{N2}	Actual value ^{N3}		
Provision of legal services	The son of Y. Bhg. Dato' Dr. Thillainathan A/L Ramasamy, an Independent Director of AMB, AGIC and ALIM, namely Mr. Sudharsanan Thillainathan is a Partner of Shook Lin & Bok	⁽ⁱⁱ⁾ Payment of legal fees by AGIC to Shook Lin & Bok	Existing	-	-	RM50,000	-	RM50,000	

(C) Rapidpro Consulting Sdn Bhd (“Rapidpro”)

Principal Activities of Related Party	Relationship	Nature of Recurrent Party Transactions	Mandate	Existing Mandate ^{N1}				Estimated value of income to the AMB Group ^{N4}	Estimated value of expenses to the AMB Group ^{N4}
				Income to the AMB Group		Expenses to the AMB Group			
				Estimated value ^{N2}	Actual value ^{N3}	Estimated value ^{N2}	Actual value ^{N3}		
Consultancy and training services	The sister and brother in-law of Mr. Zakri Bin Mohd Khir, Non-Independent Executive Director of AGIC and Chief Executive Officer of AMB and AGIC, namely Madam Norah Mariam Binti Mohd Khir and Mr. Mohammed Farooq are Directors and major shareholders of Rapidpro	(i) Payment of fees by ALIM and AGIC to Rapidpro for consulting and training services rendered by Rapidpro	Existing	-	-	RM1,325,000	RM694,460	-	RM847,000

Notes:

- ^{N1} Refers to existing mandate obtained from the 43rd AGM held on 24 May 2017 up to the 44th AGM to be held on 22 May 2018.
- ^{N2} Estimated value as disclosed in the preceding year's circular to shareholders dated 25 April 2017.
- ^{N3} Actual value incurred since the 43rd AGM held on 24 May 2017 to 31 March 2018, being the latest practicable date prior to printing of this Circular.
- ^{N4} The estimated value of the transactions set out above are based on values transacted for the period of 12 months from 1 January 2017 to 31 December 2017 or the estimated amount to be transacted for the period from 1 January 2018 to 31 December 2018.
- ^{N5} 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.
- # The negative figure is due to reversal and refund of unearned reinsurance premiums due to termination of one of the main reinsurance treaties.
- * This transaction is subject to regulatory approval.
- (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 AMB Group's sharing of cost for the use of AWIN, an international secured network platform made available by Allianz SE Group to all companies within the Allianz SE Group. Via AWIN, the AMB Group will be able to access to the expertise, technical know-how and best practices of the Allianz SE Group.
- (e) 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.

- (f) *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.*
- (g) *This is in relation to engagement of Allianz Technology, who will provide the infrastructure and support service to 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.*
- (h) *This is pertaining to Expert Underwriting System from Allianz Technology, Munich branch Wallisellen, a wholly-owned subsidiary of Allianz SE, to ALIM. The Expert Underwriting System is an automated underwriting system and new business applications that enable more interactive frontend health data collection and evaluation for faster and uniform decision through self-maintained rule-set expert underwriting engine.*
- (i) *This is pertaining to the leasing of license service of Thunderhead solution from Allianz Technology, a wholly-owned subsidiary of Allianz SE, 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.*
- (j) *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.*
- (k) *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.*
- (l) *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.*

- (m) *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. The RCM CTD offers higher standard of trade execution as their performance is continually assessed using Trade Cost Analysis to ensure trade orders given by fund managers are executed efficiently.*
- (n) *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.*
- (o) *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.*
- (p) *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.*
- (q) *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.*
- (r) *This is in relation to the advisory services provided by AZAP 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.*
- (s) *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.*

- (t) *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.*
- (u) *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. These services are also extended to Honda Malaysia Sdn Bhd's customers who have purchased motor insurance from AGIC under the Honda Insurance Package Programme.*
- (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 Willis Tower Watson ("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 pertaining to sharing of cost for developing Allianz One Finance programme for all operating entities within Allianz SE Group to fulfil statutory and new reporting requirements under the International Financial Reporting Standards ("IFRS") 9 and IFRS 17 which are significantly more complex than the current accounting standards. ALIM has been participating in Allianz One Finance programme since 2017 and AGIC will be participating in the said programme in 2018. By participating in the Allianz One Finance programme, ALIM and AGIC will benefit by leveraging on 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.*
- (y) *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), shall be 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.*
- (z) *This is in relation to regional audit services rendered by AMB to AZAP. With the provision of audit services to the Asia Pacific through AZAP, AMB will be able to tap into regional audit best practices. This move augurs well for local talent and career development, without the need for relocation.*

- (aa) *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.*
- (bb) *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 provides 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.*
- (cc) *This is pertaining to AMB Group's sharing of cost for the use of Allianz Global Network made available by Allianz SE to all operating entities within Allianz SE Group. The Allianz Global Network connectivity would enable the AMB Group to implement and lead the SAP Central Accounting Platform ("CAP")/Investment Management Accounting ("IMA") shared platform solution as well as implementing the Regional Actuarial CoC for specific operating entities in Asia Pacific region.*
- (dd) *This is pertaining to services provided by AGIC to AGCS Singapore and AGCS Hong Kong on the insurance software system in relation to the regional bancassurance business.*
- (ee) *This is in relation to the engagement of Allianz Technology to provide infrastructure and application platforms. Implementation of SAP CAP/IMA for AGIC and ALIM is to ensure compliance with the upcoming accounting changes under two new international financial reporting standard namely IFRS 9, Financial Instruments and IFRS 17, Insurance Contracts by utilising standard tools and methodology developed by Allianz SE Group.*
- (ff) *AMB has set up a Regional Actuarial CoC to provide actuarial modeling services to specific operating entities in the Asia Pacific Region. The actuarial model chosen by the Regional Actuarial CoC is RiskAgility MoSes, a global platform provided by Allianz Technology to run actuarial model to generate valuation/projection results. Allianz Technology will support, maintain and provide infrastructure to run RiskAgility MoSes models, which is IFRS 17 compliance, as well as serving other Allianz SE Group/regional/local statutory reporting in an auditable manner.*
- (gg) *This is in relation to the engagement of Global Insurance Management ("GIM") to manage the cyber insurance on behalf of all operating entities within the Allianz SE Group. GIM 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.*

- (hh) *This is pertaining to the subscription of the regional shared API platform, set up 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 the duplication and cost.*
- (ii) *This is in relation to the legal services provided by Shook Lin & Bok, one of the panel of non-motor solicitors, to AGIC in relation to insurance claims.*
- (ij) *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 2017, 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	302,337*	-	-	-
AGIC	Allianz SE Group	1,391,340**	-	-	-
ALIM	Allianz SE Group	25,453 ***	-	-	-
Total		1,719,130 [#]	-	-	-

Notes:-

* The total outstanding amount of RM302,337 were due from the following related parties was pertaining to Regional Actuarial CoC and regional audit services rendered by AMB:-

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

** The total outstanding amount of RM1,391,340 were due from the following related parties:-

(a) RM1,374,148 were pertaining to the reinsurance arrangements entered into between AGIC and the following related parties:-

- (i) PT Asuransi Allianz Utama Indonesia;
- (ii) Allianz USA;
- (iii) Allianz Global Corporate & Specialty SE;
- (iv) Allianz C.P. General Insurance Co. Ltd; and
- (v) Allianz Canada.

(b) RM17,192 was due from EHS pertaining to fees on service rendered by AGIC.

*** The outstanding amount of RM25,453 due from AZAP was pertaining to regional underwriting services rendered by ALIM.

RM1,172,091 of the total outstanding amount of RM1,719,130 has not exceeded the internal allowable credit period of 120 days.

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 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 the 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 had established various methods and procedures to ensure that the Related Party Transactions/Recurrent Related Party Transactions are undertaken on arm's length basis and consistent with the AMB Group's usual business practices and policies and that the transaction prices and terms are not more favourable to the Related Parties than those extended to 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 identify Related Party Transactions/Recurrent Related Party Transactions as well as to seek the required approval for the Related Party Transactions/Recurrent Related Party Transactions has been established and implemented.
- (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 and the Audit Committee before they are submitted to the Board of Directors for approval. 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.
- (d) Records will be maintained by the Company to capture Recurrent Related Party Transactions which are entered into pursuant to the Shareholders' Mandate.

- (e) 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.
- (f) 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.
- (g) 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.
- (h) 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) terms and conditions of the contract;
 - (iii) efficiency, quality, level of service and/or expertise and/or technical support provided;
 - (iv) benefits arising from the services/products;
 - (v) satisfactory past year experience and working relationship; and
 - (vi) in respect of the insurance activities, pursuant to reinsurance, underwriting and treaty arrangements entered into between relevant parties.

- (i) 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 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 31 March 2018 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.

Mr. 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. Mr. Zakri Bin Mohd Khir has abstained and will continue to abstain from deliberation and voting (where applicable) on the Recurrent Related Party Transaction relating to Allianz SE Group at the respective Board meetings of AMB and AGIC.

(B) Recurrent Related Party Transaction with Shook Lin & Bok

Y. Bhg. Dato' Dr. Thillainathan A/L Ramasamy, an Independent Director of AMB, AGIC and ALIM, is deemed interested in the Recurrent Related Party Transaction entered between AGIC and Shook Lin & Bok, a panel of non-motor solicitors of AGIC, of which his son is a Partner of Shook Lin & Bok. Y. Bhg. Dato' Dr. Thillainathan A/L Ramasamy has abstained and will continue to abstain from Board deliberation and voting on the Proposed Shareholders' Mandate in respect of the Recurrent Related Party Transaction relating to Shook Lin & Bok.

(C) Recurrent Related Party Transaction with Rapidpro

Mr. 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 ALIM, AGIC and Rapidpro, of which his sister and brother in-law are Directors and major shareholders of Rapidpro. Mr. Zakri Bin Mohd Khir 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.

Save as disclosed below, Mr. Zakri Bin Mohd Khir and Y. Bhg. Dato' Dr. Thillainathan A/L Ramasamy (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 31 March 2018.

Name	No. of Ordinary Shares Direct	%	No. of Ordinary Shares Indirect	%
Interested Persons				
Zakri Bin Mohd Khir	100	^	-	-
Dato' Dr. Thillainathan A/L Ramasamy	-	-	-	-
Interested Major Shareholder				
Allianz SE	115,362,295	65.73	-	-

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 44th 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 44th 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 44th AGM.

5. DIRECTORS' RECOMMENDATION

(A) Recurrent Related Party Transactions with Allianz SE Group

The Directors 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 44th AGM.

(B) Recurrent Related Party Transaction with Shook Lin & Bok

The Directors (save for Y. Bhg. Dato' Dr. Thillainathan A/L Ramasamy) having considered all aspects of the Proposed Shareholders' Mandate in relation to the Recurrent Related Party Transaction that involve the interest of Shook Lin & Bok ("Shook Lin & Bok RRPT"), are of the opinion that the Proposed Shareholders' Mandate in relation to Shook Lin & Bok 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 Shook Lin & Bok RRPT to be tabled at the forthcoming 44th AGM.

(C) Recurrent Related Party Transaction with Rapidpro

The 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 44th AGM.

6. AGM

The forthcoming 44th AGM, the notice of which is set out in the Annual Report 2017 of AMB and an extract of which in relation to the Proposed Shareholders' Mandate is enclosed in this Circular as Appendix II, will be held at Grand Ballroom, Level 2, Aloft Kuala Lumpur Sentral, 5, Jalan Stesen Sentral, Kuala Lumpur Sentral, 50470 Kuala Lumpur on Tuesday, 22 May 2018 at 10.00 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, with or without amendments, to give effect to the Proposed Shareholders' Mandate.

A Form of Proxy for the 44th AGM is enclosed together with the Annual Report 2017. If you are unable to attend and vote in person at the 44th AGM, you are requested to complete and return the Form of Proxy in accordance with the instructions printed thereon to the Company's Registered Office at Level 29, Menara Allianz Sentral, 203, Jalan Tun Sambanthan, Kuala Lumpur Sentral, 50470 Kuala Lumpur not later than 24 hours before the appointed time for holding the 44th AGM. The lodging of the Form of Proxy will not preclude you from attending the 44th AGM and voting in person at the 44th AGM should you subsequently wish to do so.

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 RAZALI BIN ISMAIL
Chairman

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 31 March 2018, being the latest practicable date before the printing of this Circular.

3. MATERIAL ARBITRATION

Save as disclosed below, as at 31 March 2018, 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 the 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 the AMB Group:-

- (a) In the Matter of Arbitration between AGIC and Virginia Surety Company Labuan Branch ("VSC")

VSC had provided reinsurance support to Commerce Assurance Berhad (now known as Bright Mission 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 hearing of the arbitration was bifurcated with the Arbitral Tribunal deciding on liability first and thereafter on quantum of damages if liability is established.

The hearing on liability has since concluded and an arbitration award has been made. The arbitration award dated 8 February 2018 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.

AGIC's solicitors are of the view that there are reasonable grounds to seek a review of the majority decision, including to set aside the Award.

On this basis, an Originating Summons has been 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 hearing date has yet to be fixed.

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 44th AGM:-

- (a) Constitution of the Company;
- (b) Audited financial statements of AMB Group for the financial years ended 31 December 2016 and 31 December 2017; and
- (c) The relevant documents in respect of the material arbitration as referred to in section 3 above.

EXTRACT OF NOTICE OF THE 44TH AGM**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 23 April 2018, 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 6)

PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH SHOOK LIN & BOK

"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 transaction with Shook Lin & Bok as specified in Section 2.2 (B) of the Company's Circular to Shareholders dated 23 April 2018, 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 transaction with Rapidpro Consulting Sdn Bhd as specified in Section 2.2 (C) of the Company’s Circular to Shareholders dated 23 April 2018, 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)