



MINORITY SHAREHOLDERS WATCH GROUP
Shareholder Activism and Protection of Minority Interest

13 November 2019

BY FAX/HAND

(Fax No: 603-22824688)

The Board of Directors
Insas Berhad
No. 47-5, The Boulevard, Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Attention: Chow Yuet Kuen / Lau Fong Siew
Company Secretaries

Dear Directors

Re: 57th Annual General Meeting (AGM) of Insas Berhad ("IB" or "the Company") to be held on Thursday, 28 November 2019

In the interest of minority shareholders and all other stakeholders of the Group, we would like to raise the following questions:

Strategy/Financial Matters

- 1) What is the Company's plan for the treasury shares of 30,327,291 as at 30 June 2019? (page 51, Annual Report)
- 2) Para 8 (page 220, Annual Report) reads as follows:

Directors' Recommendation

Your Directors are of the opinion that the Proposed Share Buy-Back is in the best interest of the Company and accordingly recommend you vote in favour of the ordinary resolution 7 to be tabled at the 57th AGM.

But yet the Company states under Para 6 (page 220) as follows:

The Company does not intend to undertake the Proposed Share Buy-Back such that it will trigger any obligation on the Major Shareholders and/or person acting in concert with them to undertake a mandatory general offer pursuant to the Code.

Why is the Company proposing a share buy-back resolution and at the same time stating that it will not be carrying out the share buy-back as it may trigger an obligation of the Major Shareholder?

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

(Incorporated in Malaysia) • Company No.: 20-001022382 (524989-M)
Tingkat 11, Bangunan KWSP, No 3, Changkat Raja Chulan, Off Jalan Raja Chulan, 50200 KUALA LUMPUR.
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Is not the Board's fiduciary duty to the Company and collective interest of all shareholders instead of watching-out for the major shareholder?

Corporate Governance Matters

1) We note that the Board has recommended that Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Al-Marhum Sultan Haji Ahmad Shah, DK(II), SIMP to continue as an Independent Non-Executive Director of the Company based on a single-tier voting instead of two-tier process as required under Practice Note 4.2 of the Malaysian Code on Corporate Governance. (MCCG) (Ordinary Resolution 8) (page 13, Corporate Governance Report)

Why has the Board not adopted two-tier voting?

Does the Board intend to adopt a two-tier voting to comply with MCCG?

Please present the points raised herein and their related answers to the shareholders present at the forthcoming AGM. At the same time, we await a written reply as soon as possible for our records.

Thank you.

Yours sincerely



DEVANESAN EVANSON
Chief Executive Officer
DE/qba/18/AGM/2019



INSAS BERHAD (4081-M)

No. 45-5, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.
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Our Ref: IB/2019/MSWG/8452

28 November 2019

Badan Pengawas Pemegang Saham Minoriti Berhad
Tingkat 11, Bangunan KWSP
No. 3 Changkat Raja Chulan
50200 Kuala Lumpur

Attention : Devanesan Evanson – Chief Executive Officer

Dear Mr. Devanesan,

FIFTY-SEVENTH (57TH) ANNUAL GENERAL MEETING OF INSAS BERHAD (“INSAS”)

We refer to your letter dated 13 November 2019 in relation to the above matter and wish to reply as follows :-

STRATEGY / FINANCIAL MATTERS

Question 1:

What is the Company’s plan for the treasury shares of 30,327,291 as at 30 June 2019? (page 51, Annual Report)

Reply:

Pursuant to Section 127 (7) of the Companies Act 2016, the Board may deal with the treasury shares as follows :-

- (a) distribute the shares as dividends to shareholders, such dividends to be known as “share dividends”;
- (b) resell the shares or any of the shares in accordance with the relevant rules of the stock exchange;
- (c) transfer the shares, or any of the shares for the purposes of or under an employees’ share scheme;
- (d) transfer the shares, or any of the shares as purchase consideration;

- (e) cancel the shares or any of the shares; or
- (f) sell, transfer or otherwise use the shares for such other purposes as the Minister (as defined under Section 2 of Companies Act 2016) may by order prescribe.

The Board has yet to decide on the treatment of the treasury shares and appropriate announcements will be made to Bursa Securities in the event the Board makes a decision on the treatment of the treasury shares in the future in full compliance with the Listing Requirements.

Question 2:

Para 8 (page 220, Annual Report) reads as follows:-

Directors' Recommendation

Your Directors are of the opinion that the Proposed Share Buy-Back is in the best interest of the Company and accordingly recommend you vote in favour of the ordinary resolution 7 to be tabled at the 57th AGM.

But yet the Company states under Para 6 (page 220) as follows:

The Company does not intend to undertake the Proposed Share Buy-Back such that it will trigger any obligation on the Major Shareholders and/or person acting in concert with them to undertake a mandatory general offer pursuant to the Code.

Why is the Company proposing a share buy-back resolution and at the same time stating that it will not be carrying out the share buy-back as it may trigger an obligation of the Major Shareholder?

Is not the Board's fiduciary duty to the Company and collective interest of all shareholders instead of watching-out for the major shareholder?

Reply:

Pursuant to the Rules on Take-Overs, Mergers and Compulsory Acquisitions 2016 ("Rules"), a person and persons acting in concert ("PAC") with him will be required to make a mandatory offer ("MGO") to acquire all the remaining shares they do not own if their combined interest is increased to beyond

33.0% of the voting shares in the Company. The person and his PAC are also obliged to make a MGO if the 33.0% threshold is triggered as a result of the Share Buy-Back scheme. However, an exemption from a mandatory offer obligation may be granted by the Securities Commission subject to the person and his PAC complying with the conditions stipulated in the Rules.

The Company does not intend to carry out the Proposed Share Buy-Back in the manner which will result in any of the Major Shareholders having to undertake a MGO under the Rules and in this respect, the Board will be mindful of the requirements of the Rules when implementing the Proposed Share Buy-Back Authority.

CORPORATE GOVERNANCE MATTERS

Question 1:

We note that the Board has recommended that Y.A.M Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Al-Marhum Sultan Haji Ahmad Shah, DK(II), SIMP to continue as an independent Non-Executive Director of the Company based on a single-tier voting instead of two-tier process as required under Practice Note 4.2 of the Malaysian Code on Corporate Governance (MCCG) (Ordinary Resolution 8) (page 13. Corporate Governance Report).

Why has the Board not adopted two-tier voting?

Does the Board intend to adopt a two-tier voting to comply with MCCG?

Reply:

The Company observes Section 291 of the Companies Act 2016 that an ordinary resolution is passed on a poll taken at a general meeting if it is passed by the members representing more than half of the total voting rights of the members who are entitled to vote and do vote on the resolution. There is only one class of ordinary shares in Insas and the rights of the shareholders, including the right to vote, shall rank pari passu. Every shareholder should exercise their voting rights on the same platform or level without differentiating them "Large Shareholder" or otherwise and each ordinary share shall be entitled to one vote. As such, the Board (save for Tengku Aishah) agreed that the resolution for the retention of Tengku Aishah as Independent Director be voted through single-tier voting process.

Since 2013, the Company has sought annual shareholders' approval for the retention of Independent Directors who served for more than 9 years. The Company will consider the adoption of two-tier

voting process which is a recommended practice under MCGG with due regard to Bursa Malaysia Listing Requirements and the Companies Act.

The Board will present this reply to the shareholders present at the forthcoming 57th Annual General Meeting of the Company on 28 November 2019.

Please do not hesitate to contact us if you should require any further clarification.

Yours faithfully
INSAS BERHAD



Winnie Ng
General Manager - Finance