



**MINORITY SHAREHOLDERS WATCH GROUP**  
Shareholder Activism and Protection of Minority Interest

26 November 2021

The Chairman and  
Board of Directors

(FAX: 03-2282 4688)

**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

**Re: 59<sup>th</sup> Annual General Meeting (AGM) of Insas Berhad ("Insas") on Thursday, 2 December 2021**

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In the interest of minority shareholders and all other stakeholders of the Company, we would like to raise the following issues: -

**Operational & Financial Matters**

- 1) Insas' technology and IT related services had reported capital gain from the disposal of investment in Sengenics Corporation Pte Ltd (page 10 of Annual Report 2021).

What was the amount of capital gain recorded from this disposal? How much was the return on investment from this disposal? How long had Insas invested in Sengenics?

- 2) The retail sector is one of the hardest hit sectors amid the COVID-19 outbreak due to nationwide movement restriction order imposed in the second half of FY2021.

Melium Group had to temporarily shut down all its fashion outlets while the Dome restaurants were unable to achieve full operations due to "no dine-in" policy.

With the opening of the Malaysian economy in recent months, how has Insas' luxury fashion and restaurant businesses performed?

- 3) Insas' car rental operations are primarily carried out by the subsidiaries below:

- Insas Pacific Rent-A-Car Sdn Bhd, offering conventional self-drive and chauffeured services
- PRAC Logistics Sdn Bhd, leasing of higher-end sedans and MPVs
- PRAC GreenTech Sdn Bhd, hiring of Tesla EV models

**BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD**

(Incorporated in Malaysia . Company No:524989-M)

TINGKAT 11, BANGUNAN KWSP, NO.3, CHANGKAT RAJA CHULAN, OFF JALAN RAJA CHULAN,  
50200 KUALA LUMPUR. TEL: (603)20709090 FAX: (603)20709107

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**MINORITY SHAREHOLDERS WATCH GROUP**  
Shareholder Activism and Protection of Minority Interest

- PRAC Transport Sdn Bhd, providing transportation services, delivery of goods and courier services.
- a) How were the business performances of these subsidiaries in FY2021? Please state the rental volume and the fleet utilization rate.
- b) Has the Group seen recovery in demand when the interstate travel restriction was eased? What is the prospect for the car rental business?

**Corporate Governance Matters**

- 1) Based on the Corporate Governance (CG) report of the Company on the application of the Practices under the Malaysian Code on Corporate Governance (MCCG), please provide clarification on the following:
  - a) **Practice 4.2:** The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

**Insas' response:** Departure. The Board recommends that the Ordinary Resolution for the retention of Tengku Aishah be voted through the normal voting process i.e., single tier voting process. There is only one class of ordinary shares in the Company and the rights of the holders, including the right to vote, shall rank pari passu. Every shareholder should exercise their voting rights on the same platform or level and each ordinary share shall be entitled to one vote.

**MSWG's comment:** Based on a Frequently Asked Questions on the MCCG published by the Securities Commission on 26 April 2017, and revised on 30 April 2021, it is stated that the two-tier voting process is consistent with the rights and powers attached to shares as accorded in the Companies Act 2016.

In exercising the votes under the two-tier voting process, each shareholder continues to have only one vote for each shares held.

Therefore, the retention of Tengku Aishah as an independent non-executive director beyond 12 years should be tabled via a two-tier voting process as per the MCCG. More so, given that Tengku Aishah has been a chairperson and director of Insas since 1986.

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**MINORITY SHAREHOLDERS WATCH GROUP**  
*Shareholder Activism and Protection of Minority Interest*

We would appreciate if the Board could present the points raised here, and their related answers, for 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

A handwritten signature in black ink, appearing to read 'Devanesan', written in a cursive style.

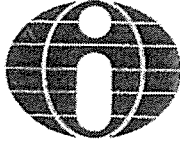
**DEVANESAN EVANSON**  
Chief Executive Officer  
DE/LCY/INSAS/AGM2021

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Our Ref: IB/2021/MSWG/9066

1 December 2021

**Badan Pengawas Pemegang Saham Minoriti Berhad**

Tingkat 11, Bangunan KWSP

No. 3 Changkat Raja Chulan,

Off Jalan Raja Chulan,

50200 Kuala Lumpur

Attention : Mr. Devanesan Evanson – Chief Executive Officer

Dear Mr. Devanesan,

**FIFTY-NINTH (59TH) ANNUAL GENERAL MEETING OF INSAS BERHAD (“INSAS”) ON 2 DECEMBER 2021**

We refer to your letter dated 26 November 2021 in relation to the above matter and wish to reply as follows :-

**OPERATIONAL / FINANCIAL MATTERS**

**Question 1:**

*Insas’s technology and IT related services had reported capital gain from the disposal of investment in Sengenics Corporation Pte Ltd (page 10 of Annual Report 2021).*

*What was the amount of capital gain recorded from this disposal? How much was the return on investment from this disposal? How long had Insas invested in Sengenics?*

**Reply:**

The Group made a substantial capital gain from the disposal of our investment in Sengenics and the return on investment is very good.

We cannot disclose the amount of capital gain recorded from this disposal as Insas is bound by the confidentiality agreement and is not allowed to disclose information and provisions of the Share Subscription and Purchase Agreement (“Agreement”) without the prior written consent of the other parties to the Agreement.

Insas invested in Sengenics in FY 2011.

**Question 2:**

*The retail sector is one of the hardest hit sectors amid the COVID-19 outbreak due to nationwide movement restriction order imposed in the second half of FY2021.*

*Melium Group had to temporarily shut down all its fashion outlets while the Dome restaurants were unable to achieve full operations due to "no dine-in" policy.*

*With the opening of the Malaysian economy in recent months, how has Insas' luxury fashion and restaurant business performed?*

**Reply:**

Our retail stores opened for walk in customers in mid-August 2021, and Dome Cafes opened for dine-in with effect from 10 September 2021.

Dome Café showed full recovery in late September 2021 and performed reasonably well in October and November 2021.

However, the recovery of the retail sector is slow as the international border is still closed to foreign tourists. We carried out special and promotional events targeting local customers to increase sales.

**Question 3:**

*Insas's car rental operations are primarily carried out by the subsidiaries below:*

- *Insas Pacific Rent-A-Car Sdn Bhd, offering conventional self-drive and chauffeured services*
- *PRAC Logistics Sdn Bhd, leasing of higher-end sedans and MPVs*
- *PRAC GreenTech Sdn Bhd, hiring of Tesla EV models*
- *PRAC Transport Sdn Bhd, providing transportation services, delivery of goods and courier services.*

**Question 3(a):**

*How were the business performances of these subsidiaries in FY2021? Please state the rental volume and the fleet utilization rate.*

**Reply:**

The Group's car division is one of the hardest-hit industry due to the Covid-19 pandemic. During the entire FY 2021, transient revenue was badly affected as there were no in-bound nor local tourism activities.

The fleet utilization rate dropped from 62% in FY2020 to 49% in FY2021. Revenue decreased by 14% due to reduced transient revenue but the long-term hire revenue remains relatively consistent over the 2 years.

Despite to the decrease in revenue, the car division reported a pre-tax profit of RM1.2mil in FY2021 mainly due to the gain on disposal of cars in the right sizing exercise.

Question 3(b):

*Has the Group seen recovery in demand when the interstate travel restriction was erased? What is the prospect for the car rental business?*

Reply:

The transient car rental business is at recovery stage and had shown positive performance. Number of transient bookings increased after interstate travel restriction was eased and we foresee further increase in bookings from transient and long-term contracts in near future. We are actively pursuing long-term hire businesses and have recently secured a long-term fleet hire contract with expected revenue in excess of RM4.5 million over a 5-year period.

**CORPORATE GOVERNANCE MATTERS**

**Question 1:**

*Based on the Corporate Governance (CG) report of the Company on the application of the Practices under the Malaysian Code on Corporate Governance (MCCG), please provide clarification on the following:*

***Practice 4.2:*** *The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.*

*If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.*

***Insas' response:*** *Departure. The Board recommends that the Ordinary Resolution for the retention of Tengku Aishah be voted through the normal voting process i.e., single tier voting process. There is only one class of ordinary shares in the Company and the rights of the holders, including the right to vote, shall rank pari passu. Every shareholder should exercise their voting rights on the same platform or level and each ordinary share shall be entitled to one vote.*

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*Therefore, the retention of Tengku Aishah as an independent non-executive director beyond 12 years should be tabled via a two-tier voting process as per the MCCG. More so, given that Tengku Aishah has been a chairperson and director of Insas since 1986.*

**CORPORATE GOVERNANCE MATTERS (Cont'd)**

**Question 1 (Cont'd):**

**Reply:**

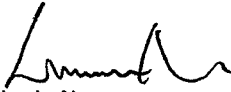
The Nomination and Remuneration Committee and the Board of Insas have assessed the independence of Y.A.M Tengku Aishah and recommended for her to continue to act as Independent Non-Executive Director of the Company.

The Board has taken note of MSWG's comments and will monitor and evaluate the adoption of MCCG recommendations and requirements on retention of independent directors and the two-tier voting process in the coming years.

The Board will present this reply to the shareholders at the forthcoming 59th Annual General Meeting of the Company on 2 December 2021.

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

Yours faithfully  
**INSAS BERHAD**



Winnie Ng  
General Manager - Finance