



MINORITY SHAREHOLDERS WATCH GROUP
Shareholder Activism and Protection of Minority Interest

17 December 2020

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: 58th Annual General Meeting (AGM) of Insas Berhad ("Insas") on Wednesday,
23 December 2020**

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) The investment holding & trading division of Insas comprises investment in both local and overseas listed equities that are involved in property, e-commerce, logistics, consumer products and financial services sectors. Some of the key equity investments are Ho Hup Construction Company Berhad, Omesti Berhad and SYF Resources Berhad.
 - a) Are there any strategies for the Group to optimize the return from these equities investment in FY2021?
 - b) How would Insas' investee companies perform in FY2021? For perspective, the investment holding & trading division recorded a pre-tax loss of RM49.2 million in FY2020.
 - c) In view of the one to five years investment horizon adopted by Insas, is there any investment that is up for recalibration?
- 2) The retail trading and car trading businesses are badly affected by the COVID-19 pandemic.

As people spend more time at home and travel less due to the outbreak, what will be the long-term impact of the pandemic to the two businesses?

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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- 3) Insas plans to improve the car rental division's business by diversifying into logistics services for transportation, delivery of goods and courier services (page 41 of AR2020).

How does Insas' car rental businesses, which primarily focuses on the rent and lease of passenger cars, fit into the diversification into transportation, delivery of goods and courier services? Does the Company require to allocate substantial capital expenditure for the new business?

Corporate Governance Matters

- 1) Dato' Wong Gian Kui, the chief executive officer/executive director of Insas, is also the ED of Inari Amertron Berhad and Ho Hup Construction Company Berhad. He is also the independent non-executive chairman of Yi-Lai Berhad and a non-independent non-executive director of SYF Resources Berhad.

Dato' Tan Seng Guan who is an ED in Insas also holds an executive role in Inari Amertron and Diversified Gateway Solutions Berhad.

As the CEO of Insas, and the only ED drawing salary from Insas at company level, Dato' Wong is expected to devote his full-time commitment to Insas, (which has businesses in five segments), to ensure the smooth implementation of company's strategies and decisions. He is also expected to provide executive leadership to the management and have overall responsibility for the operational activities of the Group.

As for Dato' Tan, he too plays an important role in setting the strategic direction of Insas while exercising oversight on the management of Insas.

Given their important roles in Insas, why did Dato' Wong and Dato' Tan take up the other executive roles in other PLCs?

Are Dato' Wong and Dato' Tan able to manage their commitment to Insas given their executive positions in other listed companies?

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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.

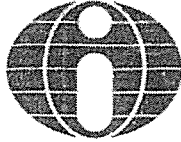
DEVANESAN EVANSON
Chief Executive Officer
DE/LCY/INSAS/AGM2020

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INSAS BERHAD (4081-M)

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Our Ref: IB/2020/MSWG/8807

22 December 2020

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

Attention : Devanesan Evanson – Chief Executive Officer

Dear Mr. Devanesan,

FIFTY-EIGHT (58TH) ANNUAL GENERAL MEETING OF INSAS BERHAD (“INSAS”)

We refer to your letter dated 17 December 2020 in relation to the above matter and wish to reply as follows :-

OPERATIONAL / FINANCIAL MATTERS

Question 1:

The investment holding & trading division of Insas comprises investment in both local and overseas listed equities that are involved in property, e-commerce, logistics, consumer products and financial services sectors. Some of the key equity investments are Ho Hup Construction Company Berhad, Omesti Berhad and SYF Resources Berhad.

Question 1(a):

Are there any strategies for the Group to optimise the return from these equities investment in FY2021?

Reply:

The strategies adopted by the Group to optimise the return from these equities investment in FY2021 include regular review of the financial performance, outlook and prospects of these investee companies and the Group's equities portfolio, with focus on companies with good fundamentals, intrinsic values and growth prospects. It is not the Group's policy to engage in speculative trading. The Group is also represented on the Board of Directors of the key equity investment companies.

Question 1(b):

How would Insas' investee companies perform in FY2021? For perspective, the investment holding & trading division recorded a pre-tax loss of RM49.2 million in FY2020.

Reply:

The investment holding & trading division was adversely affected in the FY2020 primarily attributable to the unrealised marked to market losses of its financial assets at fair value through profit and loss (marketable securities) as a consequent of the Covid-19 pandemic which has severely affected the global financial and local equity market sentiments as at the close of our financial year end on 30 June 2020. The global financial and equity markets have recovered significantly after our financial year close on 30 June 2020.

The Group expects the investment holding & trading division's performance to improve for the FY2021, but it is still largely dependent on the economic recovery from the Covid-19 pandemic.

Question 1(c):

In view of the one to five years investment horizon adopted by Insas, is there any investment that is up for recalibration?

Reply:

The Group's investment strategies are to invest in companies with good fundamentals and growth potential that generate maintainable and sustainable yields and future capital appreciation. The Group does not carry out speculative share trading. The Group's investment horizon of one to five years had served the Group well over the years to mitigate unforeseen short term temporary unrealised marked to market losses due to market forces. As part of the Group's ongoing investment strategies, the Board and management team will closely monitor the investment performance and market conditions and make necessary changes in allocation of funds and investments to protect the interest of the Group.

Question 2:

The retail trading and car trading businesses are badly affected by the Covid-19 pandemic.

As people spend more time at home and travel less due to the outbreak, what will be the long-term impact of the pandemic to the two businesses?

Reply:

Retail trading

The Covid-19 pandemic has severely affected the retail trading and F&B businesses due to stores closure and shortened operating hours during the MCO, RMCO and CMCO, and the public at large are advised to stay at home and to avoid crowded places. With the relaxation of lockdowns and movement restriction, businesses are starting to pick up. The retail division is focusing on improving sales, cash-flow management and cost control, including rent rebate from landlords and HR costs, and is continuing to work on promotional activities to draw customers to our stores and brands.

Car rental

The inbound travel restrictions have affected the transient car rental business due to low inbound and tourist arrivals and we have vacated our kiosks at KLIA and KLIA2 to reduce the rental costs as we expect the transient businesses at KLIA and KLIA2 to remain low in the FY2021.

The long-term car leasing remain resilient and a large proportion of our fleet are on long term hire, and this generate stable revenue for the car rental division.

We have downsized our fleet due to the lower demand for transient cars and we will re-acquire new cars when the market recovers.

Question 3:

Insas plans to improve the car rental division's business by diversifying into logistics services for transportation, delivery of goods and courier services (page 41 of AR2020).

How does Insas' car rental businesses, which primarily focuses on the rent and lease of passenger cars, fit into the diversification into transportation, delivery of goods and courier services? Does the Company require to allocate substantial capital expenditure for the new business?

Reply

The last-mile delivery / logistics business will be carried out under a new subsidiary company, PRAC Transport Sdn Bhd.

The demand for e-commerce / delivery businesses have increased during the Covid-19 pandemic period due to locked-down and restricted movements. Some of the existing fleet cars used in the transient business will be re-deployed for this new logistic service and we are also working closely with online delivery platforms such as Mr. Speedy & Lalamove for the delivery services.

There is no substantial capital expenditure incurred as of now as the existing fleet cars can be re-deployed for this new business.

CORPORATE GOVERNANCE MATTERS

Question 1:

Dato' Wong Gian Kui, the chief executive officer/executive director of Insas, is also the ED of Inari Amertron Berhad and Ho Hup Construction Company Berhad. He is also the independent non-executive chairman of Yi-Lai Berhad and a non-independent non-executive director of SYF Resources Berhad.

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Given their important roles in Insas, why did Dato' Wong and Dato' Tan take up the other executive roles in other PLCs?

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Reply:

Dato' Wong and Dr Tan are Executive Directors ("ED") of Insas Berhad ("Insas"). Dato' Wong has recently resigned as an Independent Non-Executive Chairman of Yi-Lai Berhad and was appointed as an ED of Diversified Gateway Solutions Berhad ("DGSB").

Both Dato' Wong and Dr Tan have been Directors of Inari Technology Sdn Bhd since 2006, before Inari Amertron Berhad ("Inari") went IPO in 2011, and are EDs of DGSB as both companies are key listed associated companies of Insas with equity shareholdings of 16.8% and 25.5% respectively. Both Dato' Wong and Dr Tan are also members of the Executive Committee ("EXCO") of Inari and DGSB, and help to oversee the conduct of business and performance of both companies to safeguard the interest of Insas. However, both are not involved in the day-to-day operations as both companies are managed by their Chief Executive Officers appointed by the Boards of Inari and DGSB with the support of their respective management teams.

Similarly, Dato' Wong was appointed as an ED of Ho Hup Construction Company Berhad ("Ho Hup") and Non-Independent Non-ED of SYF Resources Berhad ("SYF") as Insas has significant equity interests of 11.9% and 8.9% in Ho Hup and SYF respectively. Dato' Wong is not involved in the day-to-day operations of Ho Hup as it is managed by a Chief Executive Officer appointed by the Board of Ho Hup with the support of its management team.

Both Dato Wong and Dr Tan have worked full-time for the Insas Group for more than 25 years and have always discharged their fiduciary duties and responsibilities as directors of Insas and both have the leadership skills and experience to manage their time across the companies in the task and results driven.

The Board will present this reply to the shareholders at the forthcoming 58th Annual General Meeting of the Company on 23 December 2020.

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

Yours faithfully
INSAS BERHAD



Winnie Ng
General Manager - Finar.ce