

MULTIPLE PROPOSALS INSAS BERHAD ("INSAS" OR "COMPANY") PROPOSED M&A DISPOSAL; PROPOSED EXEMPTION

INSAS BERHAD

Type	Announcement
Subject	MULTIPLE PROPOSALS
Description	INSAS BERHAD ("INSAS" OR "COMPANY") PROPOSED M&A DISPOSAL; PROPOSED EXEMPTION

On behalf of the Board of Directors of Insas, M&A wishes to announce that Insas had on 6 October 2021 entered into a share sale and purchase agreement with SYF Resources Berhad ("**SYF**"):

1. For the proposed disposal of 100,000,000 ordinary shares and 60,000,000 redeemable convertible preference shares ("**RCPS**") in M&A representing 100.0% equity interest and 100.0% of RCPS in M&A to SYF for a total consideration of RM222.0 million, to be satisfied via the issuance of 1,585,714,286 new ordinary shares in SYF ("**SYF Shares**") at an issue price of RM0.14 each ("**Proposed M&A Disposal**"); and
2. Proposed exemption from the obligation to undertake a mandatory offer for all the remaining SYF Shares not held by Insas and parties acting in concert upon completion of the Proposed M&A Disposal ("**Proposed Exemption**")

Further details of the Proposed M&A Disposal and Proposed Exemption are set out in the attachment.

This announcement is dated 6 October 2021.

Please refer attachment below.

Attachments

[Proposed Disposal.pdf](#)
567.1 kB

Announcement Info

Company Name	INSAS BERHAD
Stock Name	INSAS
Date Announced	06 Oct 2021
Category	General Announcement for PLC
Reference Number	GA1-06102021-00077

INSAS BERHAD ("INSAS" OR "COMPANY")

PROPOSED DISPOSAL OF 100% EQUITY INTEREST IN M & A SECURITIES SDN BHD ("M&A") FOR A CONSIDERATION OF RM222.0 MILLION

1. INTRODUCTION

On behalf of the Board of Directors of Insas ("**Board**"), M&A wishes to announce that Insas ("**Seller**") had on 6 October 2021 entered into a share sale and purchase agreement ("**SSPA**") with SYF Resources Berhad ("**SYF**" or "**Buyer**");

- (a) For the proposed disposal of 100,000,000 ordinary shares ("**M&A Shares**") and 60,000,000 redeemable convertible preference shares ("**RCPS**") in M&A ("**Target**") representing 100.0% equity interest and 100.0% of RCPS in M&A to SYF for a total consideration of RM222.0 million, to be satisfied via the issuance of 1,585,714,286 new ordinary shares in SYF ("**SYF Shares**") at an issue price of RM0.14 each ("**Proposed M&A Disposal**" to Insas or "**Proposed M&A Acquisition**" to SYF, as the case may be); and
- (b) Proposed exemption from the obligation to undertake a mandatory offer for all the remaining SYF Shares not held by Insas and parties acting in concert ("**PACs**") upon completion of the Proposed M&A Disposal ("**Proposed Exemption**").

Simultaneously with the execution of the SSPA, SYF has executed various disposal agreements and will undertake the following proposals in addition to the Proposed M&A Acquisition:

- (i) Proposed disposal by SYF of its 100.0% equity interest in Seng Yip Furniture Sdn Bhd ("**Seng Yip**") to Mieco Chipboard Berhad ("**Mieco**") for a cash consideration of RM50.0 million ("**Proposed Seng Yip Disposal**");
- (ii) Proposed disposal by Nuri Meriah Sdn Bhd ("**Nuri Meriah**"), a wholly-owned subsidiary of SYF of a land held under GM 1128, Lot 1464, Mukim Ceras, Daerah Hulu Langat, Negeri Selangor to Juta Development Sdn Bhd ("**Juta**") for a cash consideration of RM10.6 million ("**Proposed Lot 1464 Disposal**");
- (iii) Proposed disposal by Nikmat Sekitar Sdn Bhd ("**Nikmat Sekitar**"), a wholly-owned subsidiary of SYF of land held under GM 403, Lot 1461, Mukim Ceras, Daerah Hulu Langat, Negeri Selangor to Juta for a cash consideration of RM10.6 million ("**Proposed Lot 1461 Disposal**");

(The Proposed Seng Yip Disposal, Proposed Lot 1464 Disposal and Proposed Lot 1461 Disposal shall collectively be referred to as "**Proposed SYF Disposals**")

- (iv) Proposed special dividend of RM0.07 per SYF Share and proposed capital repayment of RM0.11 per SYF Share to the shareholders of SYF on an entitlement date to be determined ("**Proposed Special Dividend cum Capital Repayment**");
- (v) Proposed renounceable rights issue of new SYF Shares ("**Rights Shares**") on the basis of 1 Rights Share at an issue price of RM0.14 each for every 2 existing SYF Shares held on an entitlement date to be determined ("**Proposed Rights Issue**");

- (vi) Proposed restricted issue of such number of new SYF Shares ("**Restricted Issue Shares**") representing not more than 10% of the enlarged share capital of SYF after the Proposed M&A Acquisition at an issue price of RM0.14 each to eligible directors and employees of the enlarged SYF Group including M&A and its subsidiaries ("**M&A Group**") and persons who have contributed to the business and growth of M&A Group ("**Proposed Restricted Issue**"); and
- (vii) Proposed change of name of "SYF Resources Berhad" to "M & A Capital Berhad" ("**Proposed Name Change**").

(The above proposals together with the Proposed M&A Acquisition and Proposed Exemption shall collectively be referred to as "**SYF Proposals**")

The SYF Proposals will result in a significant change in the business direction of SYF and arising therefrom, Insas will emerge as SYF's new controlling shareholder; and SYF will be principally involved in the business of financial services via M&A Group.

Further details of the Proposed M&A Disposal and Proposed Exemption are set out in the ensuing sections.

A summary of the SYF Proposals are set out in Section 4.

2. DETAILS OF THE PROPOSED M&A DISPOSAL

2.1 Details of the Proposed M&A Disposal

Insas proposes to dispose 100,000,000 M&A Shares and 60,000,000 RCPS (collectively "**Sale Shares**" or "**Target Shares**") representing 100.0% equity interest and 100.0% of the RCPS in M&A for a total consideration of RM222.0 million ("**Disposal Consideration**").

The Disposal Consideration will be fully satisfied by SYF via the issuance of 1,585,714,286 new SYF Shares ("**Consideration Shares**") to Insas at an issue price of RM0.14 each.

Subject to the terms and conditions of the SSPA, Insas shall sell and SYF shall purchase the Sale Shares free from any encumbrances and together with all rights and benefits that attach (or may in future attach) to them from the date of completion of the Proposed M&A Disposal.

Based on 568,873,012 existing SYF Shares (excluding treasury shares) in issue as at 5 October 2021, being the latest practicable date prior to the date of this announcement ("**LPD**"), SYF's issued share capital will increase to 2,154,587,298 SYF Shares arising from the issuance of the Consideration Shares. The Consideration Shares represent approximately 73.6% of the said SYF's enlarged issued share capital.

As at LPD, Insas through its wholly-owned subsidiaries, Insas Plaza Sdn Bhd and Montego Assets Limited holds 50,015,200 SYF Shares representing 8.8% equity interest in SYF. Together with the Consideration Shares, Insas' shareholdings in SYF will increase to 1,635,729,486 SYF Shares representing 75.9% of the enlarged issued share capital.

2.2 Basis of arriving at the Disposal Consideration

The Disposal Consideration was agreed by the parties on a “willing-buyer-willing-seller” basis, after taking into consideration, amongst others:

- (a) the financial performance of M&A for the 3 financial years ended (“FYE”) 30 June 2019 to 2021 as follows:

	Audited		
	FYE 30 June		
	2019	2020	2021
	RM’000	RM’000	RM’000
Revenue	26,314	36,978	68,906
Profit after tax (“PAT”)	6,618	9,217	18,813
Net asset (“NA”)	169,247	170,518	182,986

The Disposal Consideration represents a price to earnings of 11.8 times and price to book of 1.2 times based on the PAT and NA of M&A for FYE 2021.

- (b) the rationale of the Proposed M&A Disposal which is set out in Section 5.

2.3 Mode of settlement of the Disposal Consideration

The Disposal Consideration will be fully satisfied by SYF via issuance of 1,585,714,286 Consideration Shares to Insas at an issue price of RM0.14 each.

2.4 Basis of determining the issue price of the Consideration Shares

The issue price of the Consideration Shares of RM0.14 each was arrived at on a “willing buyer willing seller” basis after taking into consideration:

- (a) the unaudited NA per SYF Share as at 31 July 2021 adjusted for the SYF Proposals, where relevant:

	RM’000
Unaudited consolidated NA of SYF as at 31 July 2021	213,834
Less: Net loss arising from Proposed SYF Disposals ⁽¹⁾	(24,063)
Less: Proposed Special Dividend cum Capital Repayment ⁽²⁾	(102,397)
Adjusted NA	87,374
No. of SYF Shares (excluding treasury shares) (‘000)	568,873
Adjusted NA per SYF Share (RM)	0.15

Notes:

(1) SYF is expected to record a net loss from disposal of RM24.1 million pursuant to the Proposed SYF Disposals.

(2) Being the total amount to be distributed to the shareholders of SYF pursuant to the Proposed Special Dividend cum Capital Repayment of RM0.18 per SYF Share multiplied by 568,873,012 existing SYF Shares (excluding treasury shares).

The issue price of RM0.14 for each Consideration Share represents a discount of RM0.01 or 6.7% to the adjusted NA of SYF Share of RM0.15.

- (b) the historical market price of SYF Shares. In this regard, the issue price of RM0.14 also represents the following discount over the historical volume weighted average market price (“**VWAMP**”) of SYF Shares, adjusted for the effects of the SYF Proposals, where relevant:

Up to LPD	⁽¹⁾ Adjusted VWAMP	(Discount)	
		RM	%
5-day	0.2142	(0.074)	(34.6)
1-month	0.2091	(0.069)	(33.0)
3-month	0.2007	(0.061)	(30.2)
6-month	0.1957	(0.056)	(28.5)
12-month	0.1487	(0.009)	(5.9)

Notes:

- (1) Being the latest practicable date prior to the date of this announcement.
- (2) After adjusting for the net loss arising from the Proposed SYF Disposals of RM24.1 million or RM0.04 per SYF Share and Proposed Special Dividend cum Capital Repayment of RM0.18 per SYF Share.

2.5 Ranking of the Consideration Shares

The Consideration Shares will upon allotment and issue, rank equally in all respects with the existing SYF Shares including voting rights and will be entitled to all rights and dividends and other distributions that may be declared subsequent to the date of allotment of the Consideration Shares.

2.6 Listing of the Consideration Shares

An application will be made by SYF to Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for the listing of and quotation for the Consideration Shares on the Main Market of Bursa Securities.

2.7 Insas’ intention with the Consideration Shares

Insas intends to retain the Consideration Shares and the Consideration Shares will be subject to a moratorium of 6 months from the date they are listed on the Main Market of Bursa Securities, during which time Insas will not be allowed to sell, transfer or assign the entire Consideration Shares.

2.8 Original cost of investment

The original cost of investment by Insas in M&A and the dates of investment are as follows:

Dates of investment	Cost of investment RM'000
M&A Shares	
22 June 1994	90,000
5 September 1995	82,900
1 November 1995	6,000
8 July 1999	21,100
8 July 1999	60,000
11 August 2006	⁽¹⁾ (60,000)
7 August 2008	⁽¹⁾ (80,000)
7 August 2009	30,000
	150,000
RCPS	
17 March 2015	60,000

Note:

⁽¹⁾ Being a capital reduction exercise.

2.9 Assumption of liabilities or guarantees by Insas

Save as provided in the SSPA, there are no liabilities including contingent liabilities and/or guarantees, to be assumed by Insas pursuant to the Proposed M&A Disposal.

2.10 Information of M&A

M&A was incorporated in Malaysia as a private limited company on 2 July 1973 and is a wholly-owned subsidiary of Insas.

M&A is a stockbroking company providing trading services for securities listed on Bursa Securities and other recognised foreign stock exchanges, share margin and discretionary financing, collateralised trading, corporate finance advisory, underwriting and placement of securities, nominee and custodian services and other regulated activities. M&A's principal office is located in Kuala Lumpur and it currently has 5 branches located in Kuala Lumpur, Ipoh, Penang and Johor Bahru.

As at LPD, M&A's issued share capital is RM100,000,000 comprising 100,000,000 ordinary shares. As at LPD, M&A also has 60,000,000 RCPS in issue at RM1.00 each totaling RM60,000,000.

As at LPD, details of the Board of Directors of M&A are as follows:

Name	Designation
Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK (II), SIMP	Independent Non-Executive Chairman
Dato' Thong Kok Yoon	Executive Director
Datuk Tan Choon Peow	Executive Director, Corporate Finance
Goh Hock Jin	Executive Director, Operations
Dato' Wong Gian Kui	Non-Independent Non-Executive Director
Dato' Ng Jet Heong	Independent Non-Executive Director

Further details of M&A are set out in Appendix I herein.

2.11 Information on SYF

SYF was incorporated as a private limited company under the name of Exclusive Symbol Sdn Bhd on 20 October 1995 in Malaysia under the Companies Act, 1965. On 2 February 1996, it changed its name to Tomisho Holding Sdn Bhd and subsequently to Tomisho Holdings Sdn Bhd on 27 November 1996. On 16 December 1997, SYF converted into a public limited company under the name of Tomisho Holdings Berhad and on 13 February 2004, it assumed its present name.

SYF was listed on the former Second Board of Kuala Lumpur Stock Exchange (now known as Bursa Securities) on 8 March 2000 and subsequently transferred its listing status to the Main Board of Kuala Lumpur Stock Exchange (now known as the Main Market of Bursa Securities) on 3 August 2009, following the merger of the former Main Board and Second Board of Bursa Securities.

SYF is principally an investment holding company. SYF and its existing subsidiaries (“**SYF Group**”) are principally involved in rubberwood furniture manufacturing and materials processing as well as property development.

As at LPD, the issued share capital of SYF is RM143,527,253, comprising 574,109,012 ordinary shares (including 5,236,000 treasury shares).

Details of the directors and substantial shareholders of SYF and their shareholdings as at LPD are as follows:

Directors

Name	Designation	Direct		Indirect	
		No. of SYF Shares	%	No. of SYF Shares	%
Datuk Mohamed Arsad Bin Sehan	Independent Non- Executive Chairman	-	-	-	-
Dato’ Sri Ng Ah Chai	Managing Director	134,276,200	23.60	⁽¹⁾ 1,920,000	0.34
Dato’ Sri Chee Hong Leong, JP	Executive Director	38,256,600	6.72	-	-
Ng Wei Ping	Executive Director	-	-	⁽²⁾ 136,196,200	23.94
Dato’ Wong Gian Kui	Non-Independent Non-Executive Director	-	-	-	-
Dato’ Mohamad Azmi Bin Ali	Independent Non- Executive Director	-	-	-	-
Dato’ Abdul Rashid Bin Mat Amin	Independent Non- Executive Director	-	-	-	-

Notes:

(1) Deemed interest by virtue of the interests of his spouse.

(2) Deemed interest by virtue of the interests of his parents.

Substantial shareholders

Name	Direct		Indirect	
	No. of SYF Shares	%	No. of SYF Shares	%
Dato' Sri Ng Ah Chai	134,276,200	23.60	⁽¹⁾ 1,920,000	0.34
Insas Plaza Sdn Bhd	47,530,000	8.36	-	-
Dato' Sri Chee Hong Leong, JP	38,256,600	6.72	-	-
Ng Wei Ping	-	-	⁽²⁾ 136,196,200	23.94
Insas	-	-	⁽³⁾ 50,015,200	8.79
Dato' Sri Thong Kok Khee	-	-	⁽⁴⁾ 50,015,200	8.79

Notes:

- (1) Deemed interest by virtue of the interests of his spouse.
- (2) Deemed interest by virtue of the interests of his parents.
- (3) Deemed interest by virtue of the interest held by Insas Plaza Sdn Bhd and Montego Assets Limited, both wholly-owned subsidiaries of Insas.
- (4) Deemed interest by virtue of his interest in Insas.

Further details of SYF are set out in Appendix II.

2.12 Salient terms of the SSPA

The salient terms of the SSPA are set out in Appendix III.

3. DETAILS OF THE PROPOSED EXEMPTION

Upon issuance of the Consideration Shares, Insas Group's shareholdings in SYF will increase from 8.8% to 75.9% of the enlarged issued share capital. As such, Insas will be obliged under Paragraph 4.01(a) of the Rules on Take-Overs, Mergers and Compulsory Acquisitions ("**Rules**") to extend an offer to acquire all the remaining SYF Shares not already owned by Insas and PACs after the Proposed M&A Disposal at a cash consideration of RM0.14 per SYF Share, which is equivalent to the issue price of the Consideration Shares ("**Mandatory Offer**").

Insas does not intend to undertake the Mandatory Offer and together with its PACs will seek for an exemption from the Securities Commission Malaysia ("**SC**") under Paragraph 4.08(1)(a) of the Rules.

4. DETAILS OF THE SYF PROPOSALS

4.1 Proposed Seng Yip Disposal

SYF proposes to dispose its 100% equity interest in Seng Yip comprising 20,000,000 ordinary shares to Mico for a cash consideration of RM50.0 million.

The consideration for the Proposed Seng Yip Disposal was agreed by the parties on a "willing-buyer-willing-seller" basis, after taking into consideration, amongst others:

- (a) the financial performance of Seng Yip for FYE 31 July 2019 to 2021 as follows:

	Audited		Unaudited
	FYE 31 July		
	2019 RM'000	2020 RM'000	2021 RM'000
Revenue	131,926	108,016	119,489
Loss after tax	(25,625)	(6,423)	(77)

- (b) a discounted cash flow valuation ("**DCF Valuation**") prepared by the management of Seng Yip of which the estimated equity valuation is approximately RM45.78 million. The disposal consideration represents a premium of RM4.22 million or 9.2% above the DCF Valuation; and
- (c) the strategic objectives of SYF to exit from the rubberwood furniture manufacturing and materials processing industry and to enter the financial services industry pursuant to the Proposed M&A Acquisition.

4.2 Proposed Lot 1464 Disposal and Proposed Lot 1461 Disposal

Nuri Meriah and Nikmat Sekitar, both wholly-owned subsidiaries of SYF, each proposes to dispose a parcel of freehold land to Juta for a total cash consideration of RM21.2 million, details as follows:

	Proposed Lot 1464 Disposal	Proposed Lot 1461 Disposal
Vendor	Nuri Meriah	Nikmat Sekitar
Purchaser	Juta	Juta
Title particulars	GM 1128, Lot 1464, Mukim Ceras, Daerah Hulu Langat, Negeri Selangor	GM 403, Lot 1461, Mukim Ceras, Daerah Hulu Langat, Negeri Selangor
Land size	4.406 acres	4.437 acres
Tenure	Freehold	Freehold
Description	Vacant	Vacant
Category of land use	Bangunan	Pertanian ⁽¹⁾
Express condition	Bangunan Kediaman	Tanaman Getah ⁽¹⁾
Disposal consideration (RM'000)	10,600	10,600
Encumbrances	Charged to Public Bank Berhad as security for a loan granted by the bank to Nuri Meriah	Charged to CIMB Islamic Bank Berhad as security for a loan granted by the bank to Nikmat Sekitar
Net book value as at 31 July 2021 (RM' 000)	10,509	7,462
Market value (RM' 000)	10,600	10,600
Valuation date	22 September 2021	22 September 2021

	Proposed Lot 1464 Disposal	Proposed Lot 1461 Disposal
Valuation method	Comparison approach and income approach (residual method) as a check	Comparison approach and income approach (residual method) as a check
Independent valuer	C H Williams Talhar & Wong Sdn Bhd	C H Williams Talhar & Wong Sdn Bhd

Note:

- (1) Based on the Receipt No. HT 046816 dated 20 September 2021 issued by Pejabat Tanah Hulu Langat, the conversion premium to convert from "agriculture" to "building" category of land use for residential usage and all relevant statutory charges have been fully paid.

The consideration for the Proposed Lot 1464 Disposal and Proposed Lot 1461 Disposal was agreed by the parties on a "willing-buyer-willing-seller" based on the market value of the land as appraised by C H Williams Talhar & Wong Sdn Bhd in its Certificate of Valuation dated 28 September 2021.

4.3 Proposed Special Dividend cum Capital Repayment

SYF proposes to undertake a special dividend of RM0.07 per SYF Share and capital repayment of RM0.11 per SYF Share. The capital repayment will be undertaken under Section 116 of the Companies Act 2016.

Cash of approximately RM102.4 million will be distributed under the Proposed Special Dividend cum Capital Repayment, calculated based on 568,873,012 existing SYF Shares (excluding treasury shares). This will be financed from the proceeds of the Proposed Seng Yip Disposal of RM50.0 million, Proposed Lot 1464 Disposal of RM10.6 million, Proposed Lot 1461 Disposal of RM10.6 million and the remaining from existing cash in SYF.

4.4 Proposed Rights Issue

SYF proposes to undertake a renounceable rights issue of up to 284,436,506 Rights Shares to its existing shareholders, on the basis of 1 Rights Share for every 2 existing SYF Shares at an issue price at RM0.14 per Rights Share. The Consideration Shares and Restricted Issue Shares will not be entitled to the Proposed Rights Issue.

The Proposed Rights Issue will raise gross proceeds of approximately RM39.8 million.

4.5 Proposed Restricted Issue

SYF proposes to undertake a restricted issue of up to 215,458,730 Restricted Issue Shares representing approximately 10% of the enlarged share capital of SYF after the Proposed M&A Acquisition to the eligible directors and employees of the enlarged SYF Group including M&A Group and persons who have contributed to the business and growth of M&A Group at an issue price of RM0.14 per Restricted Issue Share.

The Proposed Restricted Issue will raise gross proceeds of approximately RM30.2 million.

4.6 Proposed Name Change

SYF proposes to change the Company's name from "SYF Resources Berhad" to "M & A Capital Berhad".

The Proposed Name Change is to have a new corporate identity for the new SYF Group to better reflect its new core business and its future undertakings in the financial services industry.

This Proposed Name Change will allow the new SYF Group to develop its own identity separate from Insas, who will be the new controlling shareholder of the new SYF Group after the SYF Proposals, and to enable investors to better differentiate between the two listed entities.

The Proposed Name Change, if approved by the shareholders, will be effective from the date of issuance of the Notice of Registration of New Name by the Companies Commission of Malaysia ("CCM").

5. RATIONALE FOR THE PROPOSED M&A DISPOSAL

The Proposed M&A Disposal is essentially a backdoor listing of M&A via SYF, which will enable Insas to unlock value by monetising and securitising its investment in M&A, by creating a separate listing platform for M&A Group on the Main Market of Bursa Securities.

In addition, the listing status of M&A Group on the Main Market of Bursa Securities will enable it to:

- (a) raise its future equity and debt funding requirement through the capital market independently from Insas Group;
- (b) expand its customer base,
- (c) retain and attract new employees from the financial services industry; and
- (d) allow investors to separately appraise the business strategies, risks and returns of M&A Group independently from Insas Group.

6. RISKS FACTORS

The Proposed M&A Disposal is not expected to expose Insas to additional categories of material risks. However, the completion of the Proposed M&A Disposal is subject to fulfillment of the Conditions (as defined in Appendix III). If any of the Conditions are not satisfied by the parties, or waived by the parties, the SSPA may be terminated.

Insas will take all reasonable steps to ensure that the Conditions are met to facilitate the Proposed M&A Disposal. Nonetheless, there can be no assurance that the SSPA will not be terminated through the non-fulfillment of the Conditions.

7. EFFECTS OF THE PROPOSED M&A DISPOSAL

7.1 Issued share capital

The Proposed M&A Disposal will not have any effect on the issued share capital of Insas as it does not involve the issuance of shares in Insas.

7.2 NA and gearing

Based on the latest audited financial statements of Insas Group for FYE 30 June 2021, the pro forma effects of the Proposed M&A Disposal on the NA and gearing of Insas Group, assuming the Proposed M&A Disposal has been completed on 30 June 2021 are as follows:

	Audited As at 30 June 2021	⁽¹⁾⁽²⁾⁽³⁾ After Proposed M&A Disposal
	RM'000	RM'000
Share capital	873,700	873,700
Treasury shares	(14,499)	(14,499)
Reserves	122,644	122,644
Retained profits	997,602	1,001,136
	<u>1,979,447</u>	<u>1,982,981</u>
Non-controlling interest	1,543	97,589
	<u>1,980,990</u>	<u>2,080,570</u>
No. of Insas shares ('000)	663,021	663,021
NA per Insas share (RM)	2.99	2.99
Interest bearing debt (RM'000)	385,424	⁽⁴⁾ 464,341
Gearing (times)	0.19	0.23

Notes:

- (1) The Proposed M&A Disposal does not result in a loss of control of M&A, but will result in an increase in non-controlling interest of RM96.0 million and decrease in Insas' retained earnings of RM5.5 million.
- (2) After deducting estimated expenses for the Proposed M&A Disposal of RM1.5 million and excess of fair value over cost of investment recognised to income statement of RM10.5 million.
- (3) Based on the pro forma effects of the Proposed SYF Disposals and Proposed M&A Acquisition on the latest audited financial statements of SYF Group for FYE 31 July 2020 assuming that the said proposals have been completed on 31 July 2020.
- (4) Based on the pro forma interest bearing debt of SYF Group as at 31 July 2020 after the Proposed SYF Disposals and Proposed M&A Acquisition. Notwithstanding the consolidation of SYF Group's debt obligations, there is no recourse to Insas Group for such debt obligations. Additionally, the interest bearing debt of SYF Group based on its unaudited financial statements as at 31 July 2021 (excluding Seng Yip and after redemption of Lot 1464 and Lot 1461) is expected to be RM25.4 million only.

7.3 Earnings and earnings per share

The Proposed M&A Disposal is not expected to have a material effect on the earnings and earnings per share of Insas Group as the Proposed M&A Disposal does not result in a loss of control or deconsolidation of M&A Group.

7.4 Substantial shareholders' shareholdings

The Proposed M&A Disposal will not have any effect on the shareholdings of the substantial shareholders of Insas as it does not involve the issuance of shares in Insas.

8. APPROVALS REQUIRED

The Proposed M&A Disposal and Proposed Exemption are conditional upon the following:

- (a) approval of SC for the following:
 - (i) significant change in business direction of SYF pursuant to the Proposed M&A Acquisition under Chapter 7 of the SC's Equity Guidelines;
 - (ii) resultant shareholding structure of SYF pursuant to the equity requirement for public listed companies, if required;
 - (iii) exemption to Insas and PACs under Paragraph 4.08(1)(a) of the Rules from the obligation of having to undertake the Mandatory Offer; and
 - (iv) change in the shareholder of M&A under Chapter 4 of the SC's Licensing Handbook,
- (b) approval of Bursa Securities for the listing of and quotation for the Consideration Shares, Rights Shares and Restricted Issue Shares on the Main Market of Bursa Securities;
- (c) approval of the shareholders of Insas for the Proposed M&A Disposal at an extraordinary general meeting ("**EGM**") to be held;
- (d) approval of the shareholders of SYF for the SYF Proposals at an EGM to be held;
- (e) approval of the shareholders of Mieco for the proposed acquisition of Seng Yip at an EGM to be held;
- (f) confirmation of the High Court of Malaya for the capital repayment pursuant to the Proposed Special Dividend cum Capital Repayment under Section 116 of the Companies Act 2016;
- (g) approval of CCM for the name "M & A Capital Berhad" pursuant to the Proposed Name Change; and
- (h) all relevant approvals, consents or waivers from any other third party, if required.

The application for the Proposed M&A Disposal is expected to be submitted to the relevant authorities by end December 2021.

9. CONDITIONS

- (a) The Proposed SYF Disposals are not inter-conditional with the Proposed M&A Acquisition or any of the other proposals contemplated under the SYF Proposals.
- (b) The Proposed Special Dividend cum Capital Repayment, Proposed M&A Acquisition, Proposed Rights Issue, Proposed Restricted Issue, Proposed Exemption and Proposed Name Change are inter-conditional. They are further conditional on the Proposed SYF Disposals.

10. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed M&A Disposal pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements ("**MMLR**") is approximately 34.1%, based on the Disposal Consideration over the market capitalisation of Insas as at LPD of RM651.4 million, which is calculated based on the 5-day VWAMP of Insas shares up and including LPD.

11. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED TO THEM

Dato' Wong Gian Kui is the Chief Executive Officer/Executive Director of Insas. He is also a Non-Independent Non-Executive Director of SYF representing the interest of Insas. Although Dato' Wong Gian Kui is a common director of Insas and SYF, the Proposed M&A Disposal is not regarded as a related party transaction under Paragraph 10.08(11)(c) of the MMLR as:

- (a) He does not hold shares in SYF; and
- (b) He does not have any interest such as commission or other kinds of benefit received from Insas or SYF in relation to the Proposed M&A Disposal.

Save for the common directorship as disclosed above, none of the directors and/or major shareholders of Insas and/or persons connected to them have any interest, either direct or indirect, in the Proposed M&A Disposal.

Insas is interested in the Proposed Exemption. As the Proposed Special Dividend cum Capital Repayment, Proposed M&A Acquisition, Proposed Rights Issue, Proposed Restricted Issue, Proposed Exemption and Proposed Name Change are all inter-conditional, Insas will abstain from voting on such proposals at the EGM of SYF. Further, as the Proposed M&A Acquisition is conditional on the Proposed SYF Disposals, Insas will also abstain from voting on the resolutions for these disposals at the EGM of SYF. Insas will also ensure that the persons connected to it (if any) will abstain from voting in respect of his/her direct and/or indirect shareholdings in SYF on the resolutions pertaining to the SYF Proposals to be tabled at the EGM of SYF.

Given Insas' interest as mentioned above, Dato' Wong Gian Kui has abstained and will continue to abstain from all deliberations and voting in relation to the Proposed M&A Disposal and SYF Proposals at the relevant Board meetings of Insas and SYF respectively.

12. STATEMENT BY THE BOARD OF DIRECTORS

The Board (other than Dato' Wong Gian Kui), after having considered all aspects of the Proposed M&A Disposal, is of the opinion that they are fair, reasonable and on normal commercial terms. The Proposed M&A Disposal is in the best interest of the Company and is not detrimental to the interests of the shareholders of Insas.

The views of the Board (other than Dato' Wong Gian Kui) were arrived at after having considered, *inter-alia*, the basis of arriving at the Disposal Consideration, the terms of the SSPA, the rationale, risk factors and financial effects of the Proposed M&A Disposal.

13. ESTIMATED TIMEFRAME FOR COMPLETION

The Proposed M&A Disposal including the SYF Proposals is expected to be completed in the second half of 2022.

14. ADVISER AND INDEPENDENT ADVISER

M&A has been appointed as adviser to Insas for the Proposed M&A Disposal. As M&A is the subject asset of the Proposed M&A Disposal and in view of the potential conflict of interest vis-à-vis its appointment as adviser for the Proposed M&A Disposal, Insas has appointed FHMH Corporate Advisory Sdn Bhd as independent adviser for the Proposed M&A Disposal.

Malacca Securities Sdn Bhd has been appointed as adviser to Insas for the Proposed Exemption.

15. DOCUMENT FOR INSPECTION

The SSPA are available for inspection at the registered office of Insas at No. 47-5, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur during normal business hours from Mondays to Fridays (except public holidays) for a period of 3 months from the date of this announcement.

This announcement is dated 6 October 2021.

FURTHER DETAILS OF M&A

1. FINANCIAL INFORMATION

The key financial information of M&A for FYE 30 June 2019 to 2021 are summarised below:

	Audited		
	⁽¹⁾ FYE 30 June		
	2019	2020	2021
	RM'000	RM'000	RM'000
Revenue	26,314	36,978	68,906
Other items of income	15,769	18,617	33,278
Items of expense	(33,265)	(42,781)	(77,359)
Profit before tax	8,818	12,814	24,825
PAT	6,618	9,217	18,813
NA	169,247	170,518	182,986
Pre-tax margin	33.5%	34.7%	36.0%
Net margin	25.2%	24.9%	27.3%

Note:

- ⁽¹⁾ The above financial information relates only to M&A, and does not include its subsidiaries. In accordance with paragraph 4 of Malaysian Financial Reporting Standards 10, M&A does not prepare a consolidated financial statement as it is wholly-owned by Insas and as such is exempted from doing so. Nonetheless, an accountants report containing the consolidated financial statement of M&A Group will be prepared for the purpose of the SYF Proposals and will be set out in the circular to shareholders in due course.

Commentary:

FYE 2020 compared to FYE 2019

Revenue increased by 41% from RM26.3 million in FYE 2019 to RM37.0 million in FYE 2020, mainly due to higher revenue generated by the broking and corporate finance and advisory units. M&A reported improved trading activities in the last 2 quarters of FYE 2020 due to higher retail trading on Bursa Securities. M&A also acted as principal advisers and successfully listed 6 companies on the ACE Market during FYE 2020.

FYE 2021 compared to FYE 2020

The increase in revenue for FYE 2021 was mainly due to higher brokerage and corporate advisory fee on the back of stronger market sentiment and higher trading activities on Bursa Securities during FYE 2021. M&A also acted as principal advisers and successfully listed 6 companies on the ACE Market and 2 companies on the LEAP Market during FYE 2021.

2. SUBSIDIARIES AND ASSOCIATED COMPANIES

Details of the subsidiaries of M&A as at the date of this announcement are as follows:

Name	Date and place of incorporation	Principal activity	% ownership
M & A Nominee (Asing) Sdn Bhd	20 October 1994, Malaysia	Nominee agent and registration services	100.0
M & A Nominee (Tempatan) Sdn Bhd	20 October 1994, Malaysia	Nominee agent and registration services	100.0
Venturescape Sdn Bhd	23 September 2021; Malaysia	Dormant	100.0

M&A does not have any associated company as at the date of this announcement.

FURTHER DETAILS OF SYF

The information in this Appendix II has been obtained from the management of SYF, its annual reports and quarterly financial results.

1. FINANCIAL INFORMATION

The key consolidated financial information of SYE for FYE 31 July 2019 to 2021 is as follows:

	Audited		Unaudited
	FYE 31 July		
	2019	2020	2021
	RM'000	RM'000	RM'000
Revenue	241,808	132,890	314,155
Cost of sales	(275,488)	(143,567)	(280,609)
Gross (loss)/profit	(33,680)	(10,677)	33,546
(Loss)/Profit before tax	(52,013)	(20,453)	9,687
(Loss)/Profit after tax	(44,076)	(19,831)	7,142
(Loss)/Profit after tax attributable to owners of the company	(44,076)	(20,065)	4,229
NA attributable to owners of the company	240,736	215,499	213,834
Gross margin, %	(13.9)	(8.0)	10.7
Net margin, %	(18.3)	(15.0)	2.3

Commentary:FYE 2020 compared to FYE 2019

Revenue decreased by 45.0% from RM241.81 million in FYE 2019 to RM132.9 million in FYE 2020. The decrease in revenue was attributed to a 29.7% drop in revenue from the rubberwood furniture segment from RM166.3 million to RM116.9 million as a result of downsizing of downstream activities and disruption of business activities due to the COVID-19 pandemic and imposition of the movement control order ("**MCO**") by the government. In addition, revenue from the property development and construction segment also dropped by 78.8% from RM75.5 million to RM16.0 million due to lower revenue contributed from trading of construction materials and from a new development (Alstonia Residence) as compared to revenue generated from Lavender Residence and Iris Residence which were completed during FYE 2019.

Loss before tax was lower in FYE 2020 at RM20.5 million compared to RM52.0 million in FYE 2019. The lower loss for FYE 2020 was mainly due to certain expenses incurred in FYE 2019 which did not recur in FYE 2020 such as inventories written down and written off amounting to a total of RM21.0 million and provision for liquidated ascertained damages of RM2.5 million.

FYE 2021 compared to FYE 2020

Revenue increased by 45.0% from RM132.9 million in FYE 2020 to RM314.16 million in FYE 2021. The increase in revenue was largely attributed to higher revenue from the development of Alstonia Residence as well as disposal of a freehold land which completed in March 2021. As at 31 July 2021, Alstonia Residence has achieved sales of 87% and is approximately 81% completed.

SYF Group recorded a profit after tax of RM7.1 million for FYE 2021 compared to a loss of RM20.5 in FYE 2020. This was mainly due to higher revenue generated from the sales of Alstonia Residence. The improved result was also due to cost efficiency resulting from the streamlining and downsizing exercise of its furniture manufacturing segment carried out since FYE 2020.

2. SUBSIDIARIES AND ASSOCIATED COMPANIES

Details of the subsidiaries of SYF as at the date of this announcement are as follows:

Name of subsidiary	Date and place of incorporation	Principal activity	% ownership
Seng Yip	5 March 1993; Malaysia	Manufacture and trading of moulded timber, furniture products and timber treatment processing	100.0
Tomisho Sdn Bhd	2 September 1985; Malaysia	Manufacture and export of furniture and component parts	100.0
SYF Venture Sdn Bhd	23 October 2004; Malaysia	Investment holding	100.0
<i>Held through SYF Venture Sdn Bhd</i>			
SYF Development Sdn Bhd	19 September 1989; Malaysia	Property development and trading of construction materials	100.0
SYF Construction Sdn Bhd	17 May 2002; Malaysia	Building contractor	100.0
SYF Plantation Sdn Bhd	9 December 1982; Malaysia	Dormant	100.0
<i>Held through SYF Development Sdn Bhd</i>			
Nikmat Sekitar	28 May 2015; Malaysia	Dormant	100.0
Nuri Meriah	15 May 2015; Malaysia	Dormant	100.0
Giat Armada Sdn Bhd	28 June 2011; Malaysia	Property developer	100.0
Darul Majumas Sdn Bhd	2 August 2011; Malaysia	Property developer	75.0

SYF does not have any associated company as at the date of this announcement.

SALIENT TERMS OF THE SSPA

For the purpose herein, "**Parties**" mean the Seller and the Buyer collectively, and "Party" means any of them as the context may require.

1. CONDITIONS

1.1 Completion is conditional upon the satisfaction or waiver of all of the following conditions:

(a) **SC Approval:** that the SC gives its approval in writing to:

- (1) the change in shareholding of the Target in accordance with the terms of the Target's licence;
- (2) the issue and allotment of the Consideration Shares;
- (3) the issue and allotment of the Restricted Issue Shares;
- (4) the issue and allotment of the Rights Shares;
- (5) the significant change in the business direction of the Buyer to the business of the Target; and
- (6) the Proposed Exemption to the Seller and any other person acting in concert with the Seller to make a mandatory general offer for the shares of the Buyer

either unconditionally or on terms acceptable to the Buyer and Seller, as the case may be.

- (b) **Bursa Securities Approval:** that Bursa Securities gives its written clearance for the respective circulars to the Buyer's shareholders and Seller's shareholder and approval in writing to the listing of and quotation for the Consideration Shares, Rights Shares and the Restricted Issue Shares;
- (c) **Buyer's Shareholders' Approval:** that the members of the Buyer in general meeting give their approval for the SYF Proposals.
- (d) **Seller's Shareholders' Approval:** that the members of the Seller in general meeting give their approval for the Proposed M&A Disposal.
- (e) **Buyer's Due Diligence:** that the Buyer being satisfied with the result of the due diligence review of the Target on or before the expiry of 1 month commencing from the date of the SSPA or such extended period as may be mutually agreed by the Buyer and the Seller ("**Due Diligence Period**");
- (f) **Seller's Due Diligence:** that that the Seller being satisfied with the result of the due diligence review of the Buyer on or before the expiry of the Due Diligence Period;
- (g) **Seller's third party consents:** that the Seller receiving the relevant consents or approvals of its financiers or those of the Target in relation to the sale of the Target Shares to the Buyer under the SSPA.
- (h) **Buyer's third party consents:** that the Buyer receiving the consents or approvals required of any of its financiers in relation to the Proposed SYF Disposals, and the Proposed Special Dividend cum Capital Repayment under the SSPA.
- (i) **Other approvals:** that the Buyer or the Seller receiving all other authorisation as may be necessary for the execution and implementation of the SSPA.

(collectively referred to as "**Conditions**")

1.2 Upon all the Conditions being fulfilled or waived the SSPA shall become unconditional and shall be completed in the manner therein agreed. The date of the fulfilment of the last of the Conditions shall be the "Unconditional Date".

1.3 Cut-off Date

(a) If :

- (1) the results of the financial and legal due diligence are not satisfactory to the Buyer; or
- (2) any Condition is not fulfilled (other than due to any breach on the part of either Party) or waived on or before the date falling 9 months from the date of the SSPA, or such other date as the Parties may agree,

any Party may issue a Notice of Termination (as defined in 4.1(b)(2) below).

- (b) The Parties agree to extend the date under 1.3(a) above by an additional 3 months if, on the date falling 9 months from the date of the SSPA ("**Extended Cut-Off Period**"), there is no known impediment to the fulfilment of the pending Conditions.
- (c) 2 weeks prior to the expiry of the Extended Cut-off Period, the Parties may agree in writing to extend the time period to such other later date as may be mutually agreed by the Parties.

2. COMPLETION

2.1 Completion must take place at the office of the Seller on a business day nominated by the Seller falling no later than 30 days from the Unconditional Date or any other date as the Buyer and Seller agree in writing ("**Completion Date**").

2.2 Completion Statement

- (a) The Seller must procure the Target to prepare a statement of financial position and income statement as at the Completion Accounts Date ("**Completion Statement**") promptly after the Completion Date.
- (b) The Completion Statement must set out the Completion Net Asset Value (as defined in 3.2 below).
- (c) The Seller must provide the Completion Statement to the Buyer's accountant within 10 business days from the Completion Date and allow the Buyer's accountant full access to the books and records of the Target to verify the figures in the Completion Statement.
- (d) The Buyer must procure the Buyer's accountant to complete its review of the Completion Statement within 10 business days from the receipt of the Completion Statement from the Seller, where a report shall be issued by the Buyer's accountant on the final Completion Net Asset Value ("**Accountant Report**").
- (e) The Seller and Buyer must agree on the final Completion Net Asset Value in the Accountant Report within 5 business days from the receipt of the Accountant Report.
- (f) The final Completion Net Asset Value in the Accountant Report as agreed between the Seller and the Buyer will be final and binding on the parties.

3. PURCHASE CONSIDERATION AND SATISFACTION

3.1 Satisfaction of Purchase Consideration

On the Completion Date, the Buyer must satisfy the total consideration of RM222,000,000 for the Target Shares ("**Purchase Consideration**") by the issuance and allotment to the Seller of the Consideration Shares at an aggregate value equivalent to the Purchase Consideration or RM0.14 per Consideration Share.

3.2 Dividends and/or distributions and cash top-up

The Parties agree that they are entering into the SSPA on the basis that the NA value of the Target as at the last day of the calendar month immediately preceding the Completion Date ("**Completion Accounts Date**") ("**Completion Net Asset Value**") shall not be less than RM180,000,000 ("**Agreed Net Asset Value**")

In the event that:

- (a) the Completion Net Asset Value exceeds the Agreed Net Asset Value ("**Surplus**"), the Target shall subject always to all applicable laws distribute the Surplus assets by way of cash dividends to the Seller without making any adjustment to the Purchase Consideration and such distribution shall be made by the Target within 7 days from the date of the Completion Net Asset Value is agreed by the Parties notwithstanding that Completion has occurred and the Target Shares are registered under the Buyer; and
- (b) the Completion Net Asset Value is less than the Agreed Net Asset Value ("**Shortfall**"), the Buyer shall issue a written notice to the Seller on the shortfall ("**Shortfall Notice**") and the Seller shall within 7 days from the date of the Shortfall Notice top up the Shortfall in cash to the Target.

4. TERMINATION

4.1 Right of Buyer to terminate

- (a) If at any time up to Completion–
 - (1) the Seller breaches a term of the SSPA (other than any Seller's warranties) in a material respect; or
 - (2) any Seller's warranties is or becomes false, misleading or incorrect in a material respect when made or regarded as made under the SSPA (except to the extent disclosed in the disclosure letter),then the Buyer may give notice in writing to the Seller specifying the default or breach and requiring the Seller to remedy the default or breach within 30 days of the receipt of such notice.
- (b) If the Seller fails to remedy the relevant default or breach within the period of 30 days, the Buyer may within 14 days after the period of 30 days, give written notice to the Seller electing either to:
 - (1) complete the SSPA at the Purchase Consideration and waive, discharge and release all its rights and entitlements under the relevant default or breach; or

- (2) terminate its obligation to buy the Target Shares by giving a notice of termination stating that the first Party wishes to terminate the SSPA and specifying the clause, facts and grounds of such notice ("**Notice of Termination**").
- (c) If the Buyer fails to give written notice within the period of 14 days to specify its election in accordance with 4.1(b) above, the Buyer is deemed to have elected to complete the SSPA at the Purchase Consideration and to waive, discharge and release all its rights and entitlements under the relevant default or breach.
- (d) For the avoidance of doubt, the Parties confirm and agree that the aggregate liability of the Seller to the Buyer shall be limited to the aggregate of the Buyer's out of pocket costs and expenses for the negotiation, entry into and implementation of the SSPA incurred up until the date of the Notice of Termination.
- (e) The Buyer and the Seller agree, confirm and acknowledge that the agreed liquidated damages set out in 4.1(d) above:
 - (1) is not a penalty; and
 - (2) comprises reasonable compensation to the Buyer.
- (f) The Buyer undertakes and covenants to the Seller that, if the Buyer elects to complete the SSPA pursuant to 4.1(b)(1) above, the Buyer shall have no rights or entitlements whatsoever in respect thereof and the Buyer undertakes and covenants to the Seller that the Buyer will not make any claims whatsoever against the Seller or withhold or purport to set off any payments due to the Seller under the SSPA.
- (g) Notwithstanding anything to the contrary, the Parties confirm and agree that the aggregate liability of the Seller to the Buyer for all claims made by the Buyer under the SSPA will not exceed aggregate of the Buyer's out of pocket costs and expenses for the negotiation, entry into and implementation of the SSPA.

4.2 Right of Seller to Terminate

- (a) If the Buyer breaches a term of the SSPA in a material respect, then the Seller may notify the Buyer to remedy the breach within 30 days after receipt of the written notice.
- (b) If the Buyer fails to remedy the breach within the period specified in 4.2(a) above, then the Seller may within 14 days after the period specified in 4.2(a) above, give a written notice to the Buyer electing either to –
 - (1) waive, discharge and release all its rights and entitlements under the relevant breach and complete the SSPA at the Purchase Consideration; or
 - (2) terminate its obligation to sell the Target Shares by giving a Notice of Termination.
- (c) If the Seller fails to give written notice within the period 14 days to specify its election in accordance with 4.2(b) above, the Seller is deemed to have elected to complete the SSPA at the Purchase Consideration and waive, discharge and release all its rights and entitlements under the relevant breach.

- (d) If the Seller issue a Notice of Termination under 4.2(b) in respect of a breach under 4.2(a) above then the Buyer must pay the aggregate of the Seller's out of pocket costs and expenses for the negotiation, entry into and implementation of the SSPA incurred up until the date of the Notice of Termination as agreed liquidated damages within 30 days of the date on which the Notice of Termination was issued and thereafter, the SSPA shall cease to have any effect and shall become null and void and neither of the Parties shall have any further claims against the other.
- (e) For the avoidance of doubt, the Parties confirm and agree that the aggregate liability of the Buyer to the Seller shall be limited to the aggregate of the Seller's out of pocket costs and expenses for the negotiation, entry into and implementation of the SSPA incurred up until the date of the Notice of Termination, for all claims made by the Seller under the SSPA.
- (f) The Buyer and the Seller agree and acknowledge that the agreed liquidated damages in 4.2(e) above:
 - (1) is not a penalty; and
 - (2) comprises reasonable compensation to the Seller.
- (g) The Seller undertakes and covenants to the Buyer that, if the Seller elects to complete the SSPA pursuant to 4.2(b)(1) above, the Seller shall have no rights or entitlements whatsoever in respect thereof and the Seller undertakes and covenants to the Buyer that the Seller will not make any claims whatsoever against the Buyer or withhold or purport to set off any payments due to the Buyer under the SSPA.
- (h) Notwithstanding anything to the contrary, the Parties confirm and agree that the aggregate liability of the Buyer for all claims made by the Seller under the SSPA will not exceed aggregate of the Buyer's out of pocket costs and expenses for the negotiation, entry into and implementation of the SSPA.

4.3 Effect of termination

Upon termination of the SSPA, subject to 4.1(d), 4.1(e), 4.1(g), 4.2(d), 4.2(e) and 4.2(f) above, none of the Parties shall have any further rights, claims or entitlements against the other Parties.