

Unless stated otherwise, all abbreviations and defined terms contained in this Abridged Prospectus are defined in the "Definition" section of this Abridged Prospectus.

No securities will be issued or allotted based on this Abridged Prospectus after 6 months from the date of this Abridged Prospectus.

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS ABRIDGED PROSPECTUS. IF IN DOUBT AS TO THE ACTION YOU SHOULD TAKE, PLEASE CONSULT A PROFESSIONAL ADVISER IMMEDIATELY. All enquiries concerning the Rights Issue with Warrants should be addressed to our Special Share Registrar, ShareWorks Sdn Bhd at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur (Tel: +603-6201 1120).

This Abridged Prospectus, together with the NPA and RSF (collectively, the "Documents") are only despatched to Entitled Shareholders whose names appear in our Record of Depositors and who have provided our Special Share Registrar with a registered address in Malaysia not later than 5.00 p.m. on 3 February 2021. The Documents are not intended to be issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue with Warrants complies with the laws of any countries or jurisdictions other than the laws of Malaysia. Entitled Shareholders and/or their renounees/transferees (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal advisers as to whether the acceptance or renunciation (as the case may be) of their entitlements to the Rights Issue with Warrants would result in the contravention of any laws of such countries or jurisdictions. Our Company and our Principal Adviser shall not accept any responsibility or liability in the event that any acceptance and/or renunciation made by any Entitled Shareholders and/or their renounees/transferees (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions.

This Abridged Prospectus has been registered by the SC. The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends this Rights Issue with Warrants or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Abridged Prospectus. The SC has not, in any way, considered the merits of the Rights Issue with Warrants. A copy of this Abridged Prospectus, together with the NPA and RSF, has also been lodged with the Registrar of Companies, who takes no responsibility for the contents of these documents.

Approval for the Rights Issue with Warrants has been obtained from our shareholders at our EGM held on 23 December 2020. Approval has also been obtained from Bursa Securities via its letter dated 13 November 2020 for the admission of the Rights RPS with Warrants to the Official List of Bursa Securities and the listing of and quotation for the Rights RPS, Warrants and new Insas Shares to be issued pursuant to the exercise of the Warrants ("New Securities"). The listing of and quotation for the Rights RPS and Warrants will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS accounts of successful Entitled Shareholders and/or their renounees/transferees (if applicable) have been duly credited and notices of allotment have been despatched to them. The approval from Bursa Securities for the admission of the Rights RPS and Warrants to the Official List of Bursa Securities and the listing of and quotation for the New Securities on the Main Market of Bursa Securities are not to be taken as an indication of the merits of the Rights Issue with Warrants.

The SC is not liable for any non-disclosure on the part of our Company and takes no responsibility for the contents of this Abridged Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Abridged Prospectus.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER, SEE "RISK FACTORS" AS SET OUT IN SECTION 6 OF THIS ABRIDGED PROSPECTUS.



INSAS BERHAD

(Registration No. 196101000026 (4081-M))
(Incorporated in Malaysia)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 132,604,152 NEW REDEEMABLE PREFERENCE SHARES IN INSAS TOGETHER WITH UP TO 331,510,380 FREE DETACHABLE WARRANTS ON THE BASIS OF 2 RIGHTS RPS AND 5 WARRANTS FOR EVERY 10 EXISTING ORDINARY SHARES HELD BY THE ENTITLED SHAREHOLDERS, AT 5.00 P.M. ON 3 FEBRUARY 2021 AT AN ISSUE PRICE OF RM1.00 PER RIGHTS RPS

Principal Adviser and Underwriter



M&A SECURITIES SDN BHD

Registration No. 197301001503 (15017-H)
(A Wholly-Owned Subsidiary of Insas Berhad)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIME:

Entitlement Date : Wednesday, 3 February 2021 at 5.00 p.m.

Last date and time for:

Sale of Provisional Allotments : Wednesday, 10 February 2021 at 5.00 p.m.

Transfer of Provisional Allotments : Monday, 15 February 2021 at 4.30 p.m.

Acceptance and payment : Friday, 19 February 2021 at 5.00 p.m.

Excess application and payment : Friday, 19 February 2021 at 5.00 p.m.

This Abridged Prospectus is dated 3 February 2021

OUR BOARD HAS SEEN AND APPROVED ALL THE DOCUMENTATION RELATING TO THE RIGHTS ISSUE WITH WARRANTS. THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED IN THE SAID DOCUMENTATION. HAVING MADE ALL REASONABLE ENQUIRIES, AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THEY CONFIRM THAT THERE IS NO FALSE OR MISLEADING STATEMENTS OR OTHER FACTS WHICH, IF OMITTED, WOULD MAKE ANY STATEMENT IN THIS ABRIDGED PROSPECTUS FALSE OR MISLEADING.

M&A SECURITIES, BEING THE PRINCIPAL ADVISER FOR THIS RIGHTS ISSUE WITH WARRANTS, ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS ABRIDGED PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE RIGHTS ISSUE WITH WARRANTS.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

INVESTORS SHOULD NOTE THAT THEY MAY SEEK RECOURSE UNDER SECTIONS 248, 249 AND 357 OF THE CMSA FOR BREACHES OF SECURITIES LAWS INCLUDING ANY STATEMENT IN THE ABRIDGED PROSPECTUS THAT IS FALSE, MISLEADING, OR FROM WHICH THERE IS A MATERIAL OMISSION; OR FOR ANY MISLEADING OR DECEPTIVE ACT IN RELATION TO THE ABRIDGED PROSPECTUS OR THE CONDUCT OF ANY OTHER PERSON IN RELATION TO THE COMPANY.

SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE WITH WARRANTS, FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA IS RESPONSIBLE.

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DEFINITIONS

Except where the context otherwise requires, the following definitions and abbreviations shall apply throughout this Abridged Prospectus, NPA and RSF:

"Abridged Prospectus"	: This Abridged Prospectus issued by Insas dated 3 February 2021 in relation to the Rights Issue with Warrants
"Act"	: Companies Act 2016, as amended from time to time and includes any re-enactment thereof
"Board"	: Board of Directors of Insas
"AUD"	: Australian Dollar
"Bursa Depository"	: Bursa Malaysia Depository Sdn Bhd
"Bursa Securities"	: Bursa Malaysia Securities Berhad
"CAGR"	: Compound annual growth rate
"CDS"	: Central Depository System, the system established and operated by Bursa Depository for the central handling of securities deposited with Bursa Depository
"CDS Account"	: Securities account established by Bursa Depository for a depositor pursuant to the SICDA and the Rules of Bursa Depository for the recording of deposits of securities and dealings in such securities by the depositor
"Closing Date"	: 19 February 2021 at 5.00 p.m., being the last date and time for the acceptance and payment for the Rights RPS with Warrants
"CMSA"	: Capital Markets and Services Act, 2007 as amended from time to time and includes any re-enactment thereof
"Constitution"	: Constitution of the Company
"Constitution Amendments"	: Amendments to the Constitution of Insas
"Corporate Exercises"	: Collectively, the Rights Issue with Warrants and the Constitution Amendments
"COVID-19"	: Coronavirus disease 2019
"Deed Poll"	: Deed poll constituting the Warrants dated 7 January 2021
"Documents"	: Collectively, this Abridged Prospectus and accompanying NPA and RSF
"EGM"	: Extraordinary general meeting
"Entitled Shareholders"	: Shareholders whose names appear in our Record of Depositors as at the close of business on the Entitlement Date in order to be entitled to the Rights Issue with Warrants
"Entitlement Date"	: 3 February 2021, at the close of business at 5.00 p.m., on which the names of Shareholders must appear in our Record of Depositors in order to be entitled to participate in the Rights Issue with Warrants
"EPS"	: Earnings per Share
"ESOS"	: Employees' share option scheme of our Company
"ESOS Options"	: Options which may be granted under the ESOS
"Excess Rights RPS with Warrants"	: Rights RPS with Warrants which are not taken up or not validly taken up by the Entitled Shareholders and/or their renounees/transferees (if applicable) prior to the Closing Date

DEFINITIONS (Cont'd)

"e-RSF"	: Electronic RSF
"FPE"	: Financial period ended/ending, as the case may be
"FYE"	: Financial year ended
"GP"	: Gross profit
"IMR" or "PROVIDENCE"	: Providence Strategic Partners Sdn Bhd, an independent market researcher
"IMR Report"	: The independent market research report dated 11 January 2021 prepared by the IMR
"Insas" or "Company"	: Insas Berhad
"Insas Group" or "Group"	: Insas and our subsidiaries, collectively
"Insas Shares" or "Shares"	: Ordinary shares in Insas
"Listing Requirements"	: Main Market Listing Requirements of Bursa Securities, as may be amended from time to time
"LPD"	: 6 January 2021, being the latest practicable date prior to the printing of this Abridged Prospectus
"LTD"	: 8 July 2020, being the last trading day prior to our announcement in relation to the Corporate Exercises and date of fixing of the issue price for the Rights RPS
"Maximum Scenario"	: Assuming all the Entitled Shareholders subscribe for their entitlements under the Rights Issue with Warrants
"MCO"	: Movement control order issued by the Malaysian Government under the Prevention and Control of Infectious Diseases Act 1988
"Minimum Scenario"	: Assuming the Rights Issue with Warrants is undertaken based on the Minimum Level
"Minimum Level"	: The minimum level of 65,000,000 Rights RPS together with 162,500,000 Warrants based on an issue price of RM1.00 per Rights RPS to arrive at RM65.00 million
"M&A Securities" or "Principal Adviser"	: M&A Securities Sdn Bhd
"NA"	: Net assets
"NPA"	: Notice of provisional allotment in relation to the Rights Issue with Warrants
"Official List"	: A list specifying all securities which have been admitted for listing on the Main Market of Bursa Securities and not removed
"OPR"	: Overnight policy rate
"PAT"	: Profit after taxation
"PBT"	: Profit before taxation
"Provisional Allotments"	: The Rights RPS with Warrants provisionally allotted to the Entitled Shareholders
"Record of Depositors"	: A record of securities holders provided by Bursa Depository under the Rules of Bursa Depository

DEFINITIONS (Cont'd)

"Rights Issue with Warrants"	: Renounceable rights issue of up to 132,604,152 Rights RPS together with up to 331,510,380 Warrants on the basis of 2 Rights RPS and 5 Warrants for every 10 existing Insas Shares held by the Entitled Shareholders on the Entitlement Date at an issue price of RM1.00 per Rights RPS
"Rights RPS"	: Up to 132,604,152 new redeemable preference shares to be issued and allotted pursuant to the Rights Issue with Warrants
"RM" and "sen"	: Ringgit Malaysia and sen, respectively
"RPS-A"	: 132,601,268 redeemable preference shares which matured on 25 February 2020
"RSF"	: Rights subscription form in relation to the Rights Issue with Warrants
"Rules of Bursa Depository"	: The Rules of Bursa Depository issued pursuant to the Securities Industry (Central Depositories) Act, 1991 as amended from time to time
"SC"	: Securities Commission Malaysia
"SGD"	: Singapore Dollar
"SICDA"	: Securities Industry (Central Depositories) Act, 1991
"Share Registrar"	: Megapolitan Management Services Sdn Bhd
"Special Share Registrar"	: ShareWorks Sdn Bhd
"Undertaking Shareholders"	: Collectively, Dato' Sri Thong Kok Khee, M&A Investments International Limited, M&A Investments Pte Ltd, Immobillaire Holdings Sdn Bhd and Baktihan Sdn Bhd
"Undertakings"	: Irrevocable written undertakings dated 9 July 2020 by our Undertaking Shareholders to subscribe and/or to procure the subscription for their entitlements to the Rights RPS and for additional Rights RPS not taken up by other Entitled Shareholders by way of Excess Rights RPS with Warrants application, to the extent such that the aggregate subscription is at least 45,000,000 Rights RPS, raising RM45.00 million
"Underwriter"	: M&A Securities Sdn Bhd
"US"	: United States of America
"USD"	: United States Dollar
"Warrants"	: Up to 331,510,380 free detachable warrants to be issued pursuant to the Rights Issue with Warrants
"5D-VWAP"	: 5-day volume weighted average market price

References to "we", "us", "our" and "ourselves" are to our Company and save where the context otherwise requires, our subsidiaries. All references to "you" in this Abridged Prospectus are to our Entitled Shareholders.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Abridged Prospectus to any statute, guideline, listing requirement or enactment as for the time being amended or re-enacted. Any reference to a time of day in this Abridged Prospectus shall be a reference to Malaysian time, unless otherwise specified.

ADVISERS' DIRECTORY

**PRINCIPAL ADVISER AND
UNDERWRITER FOR THE
RIGHTS ISSUE WITH
WARRANTS**

: M&A Securities Sdn Bhd
Level 11, No. 45 & 47, The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Telephone number: 03-2284 2911

**SOLICITORS FOR THE RIGHTS
ISSUE WITH WARRANTS**

: Messrs Raslan Loong, Shen & Eow
Suite 08-03, Level 8
Wisma Mont Kiara
No. 1, Jalan Kiara
Mont Kiara
50480 Kuala Lumpur
Telephone number: 03- 6205 2775

COMPANY SECRETARIES

: Chow Yuet Kuen (MAICSA 7010284)
(SSM Practising Certificate No. 202008002730)

Lau Fong Siew (MAICSA 7045893)
(SSM Practising Certificate No. 202008002625)

c/o No. 47-5, The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Telephone number: 03-2391 9309

SHARE REGISTRAR

: Megapolitan Management Services Sdn Bhd
No. 47-5, The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Telephone number: 03-2391 9309

**SPECIAL SHARE REGISTRAR
FOR THE RIGHTS ISSUE WITH
WARRANTS**

: ShareWorks Sdn Bhd
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Telephone number: 03-6201 1120

REPORTING ACCOUNTANTS

: Grant Thornton Malaysia PLT
(201906003682 & LLP0022494-LCA & AF 0737)

Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Telephone number: 03-2692 4022

ADVISERS' DIRECTORY (Cont'd)

**INDEPENDENT MARKET
RESEARCHER**

: Providence Strategic Partners Sdn Bhd
67-1, Block D, The Suites, Jaya One
No. 72A, Jalan Universiti
46200 Petaling Jaya
Selangor
Telephone number: 03-7625 1769

Executive Director: Elizabeth Dhoss
(Bachelor of Business Administration from University of
Malaya)

STOCK EXCHANGE LISTING

: Main Market of Bursa Securities

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SUMMARY OF THE RIGHTS ISSUE WITH WARRANTS

This summary of the Rights Issue with Warrants only highlights the key information from other parts of the Abridged Prospectus. It does not contain all the information that may be important to you. You should read and understand the contents of the whole Abridged Prospectus.

Key Information

Summary

Basis of allotment and number of Right RPS with Warrants to be issued pursuant to the Rights Issue with Warrants	Basis: 2 Rights RPS and 5 Warrants for every 10 existing Insas Shares held by the Entitled Shareholders on the Entitlement Date.		
		Minimum Scenario	Maximum Scenario
	Number of Rights RPS to be issued	65,000,000	132,604,152
	Number of Warrants attached	162,500,000	331,510,380

Further details are set out in **Sections 2.1, 2.4 and 2.5** of this Abridged Prospectus.

Issue price of the Rights RPS and exercise price of the Warrants

Issue price of the Rights RPS: RM1.00 per Rights RPS
Exercise price of the Warrants: RM0.90 per Warrant

Further details are set out in **Section 2.2** of this Abridged Prospectus.

Undertakings and underwriting arrangement

The Rights Issue with Warrants will be undertaken on a Minimum Level on a full subscription basis, involving 65,000,000 Rights RPS together with 162,500,000 Warrants, to arrive at RM65.00 million. The Minimum Level will be met via:-

- (i) Undertakings for an aggregate of RM45.00 million from the following Undertaking Shareholders:-

Undertaking Shareholders	Undertakings		Undertaking amount
	No. of Rights RPS	No. of Warrants	RM
Dato' Sri Thong Kok Khee	18,000,000	45,000,000	18,000,000
M&A Investments International Limited	15,000,000	37,500,000	15,000,000
M&A Investments Pte Ltd	5,000,000	12,500,000	5,000,000
Immobillaire Holdings Sdn Bhd	2,700,000	6,750,000	2,700,000
Baktihan Sdn Bhd	4,300,000	10,750,000	4,300,000
Total	45,000,000	112,500,000	45,000,000

- (ii) Underwriting of up to 20,000,000 Rights RPS together with up to 50,000,000 Warrants amounting to up to RM20.00 million by the Underwriter, to arrive at the Minimum Level.

Further details are set out in **Section 3** of this Abridged Prospectus.

Rationale for the Rights Issue with Warrants

- (i) Intended to repay our Group's bridging loans (consisting entirely of revolving credit facilities) aggregating RM132.60 million which was used to fully redeem our Company's RPS-A.
- (ii) Allows our Company to replace the bridging loans with the redeemable preference shares for the medium to long term tenure at a pre-determined 3.8% dividend rate which is more competitive as compared to other means of financing such as bank borrowings.
- (iii) The redeemable preference shares are unsecured, not subject to annual or periodic review by financial institutions and can be redeemed (partially or otherwise) at any time during the tenure of the redeemable preference shares at the option of our Company.

Further details are set out in **Section 5** of this Abridged Prospectus.

SUMMARY OF THE RIGHTS ISSUE WITH WARRANTS (Cont'd)**Key Information****Summary**

Utilisation of proceeds

The gross proceeds to be raised will be utilised in the following manner:-

Details	Minimum Scenario	Maximum Scenario	Expected timeframe for utilisation from receipt of proceeds
	RM'000	RM'000	
Repayment of bridging loan	63,250	130,854	Within 2 months
To defray estimated expenses relating to the Corporate Exercises	1,750	1,750	Within 1 month
Total	65,000	132,604	

Further details are set out in **Section 4** of this Abridged Prospectus.

Risk factors

You should carefully consider the following risk factors before subscribing for or investing in the Rights Issue with Warrants:-

- (i) Our Group's business and performance is dependent on our Group's key management and qualified personnel, our ability to weather the political, economic and regulatory circumstances in Malaysia and/or other countries in which our Group has business dealings and the impact of the containment measures to curb the COVID-19 virus on our Group's business and operations;
- (ii) Our Group's Financial Services business is subject to risks inherent in the capital market and lending industries such as foreign exchange, credit, liquidity and cash flow, interest rate and security risks;
- (iii) Our Group's Technology business is subject to our ability to operate in a fast and rapidly changing industry associated with an uncertain global economy which can result in demand volatility and a challenging technology environment, our Group's dependence on a few major customers and exposure to foreign currency exchange;
- (iv) Our Group's car rental business is subject to strong competition and wide availability of 'rideshare' services;
- (v) Our Group's property development business is dependent on the performance of the property market in Malaysia and the performance of third-party contractors appointed by our Group;
- (vi) Our Group's retail fashion business is subject to our ability to compete with existing franchisees of brands that we do not carry and from direct international luxury brands that open its own stores, our ability to renew license agreements with brands that we carry and risk of slow moving stocks;
- (vii) Our Group's food and beverage business is subject to food safety risks in the production of food products and the availability, quality and price fluctuations of food ingredients; and
- (viii) The market prices of the Rights RPS and Warrants is influenced by prevailing market sentiments, liquidity and volatility of the equity markets. As the Rights RPS is a new class of securities, there can be no assurance that an active market will develop.

Further details are set out in **Section 6** of this Abridged Prospectus.

Procedures for acceptance and payment

Please submit your application in accordance with the procedures for applications as set out in **Section 10** of this Abridged Prospectus.The last day, date and time for acceptance of and payment for the Provisional Allotments and the Excess Rights RPS with Warrants is on **Friday, 19 February 2021 at 5.00 p.m.**

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INSAS BERHAD

(Registration No. 196101000026 (4081-M))
(Incorporated in Malaysia)

Registered Office:

No. 47-5, The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

3 February 2021

Directors:

Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP (*Independent Non-Executive Chairperson*)
Dato' Wong Gian Kui (*Chief Executive Officer/Executive Director*)
Dato' Dr Tan Seng Chuan (*Executive Director*)
Soon Li Yen (*Non-Independent Non-Executive Director*)
Oh Seong Lye (*Independent Non-Executive Director*)

To: Entitled Shareholders

Dear Sir/Madam,

RENOUNCEABLE RIGHTS ISSUE OF UP TO 132,604,152 NEW REDEEMABLE PREFERENCE SHARES ("RIGHTS RPS") IN INSAS TOGETHER WITH UP TO 331,510,380 FREE DETACHABLE WARRANTS ("WARRANTS") ON THE BASIS OF 2 RIGHTS RPS AND 5 WARRANTS FOR EVERY 10 EXISTING ORDINARY SHARES HELD AT 5.00 P.M. ON 3 FEBRUARY 2021 AT AN ISSUE PRICE OF RM1.00 PER RIGHTS RPS ("RIGHTS ISSUE WITH WARRANTS")

1. INTRODUCTION

On 9 July 2020, M&A Securities had, on behalf of our Board, announced that our Company proposes to undertake the Corporate Exercises.

Subsequently, on 29 September 2020, M&A Securities had, on behalf of our Board, announced that our Company proposes to undertake the establishment of an ESOS of up to 10% of our total number of issued Shares (excluding treasury shares) at any point in time during the duration of the scheme.

On 16 November 2020, M&A Securities had, on behalf of our Board, announced that Bursa Securities had vide its letter dated 13 November 2020 approved-in-principle the following:-

- (a) Admission of the Rights RPS and Warrants to the Official List;
- (b) Listing of and quotation for up to 132,604,152 Rights RPS and up to 331,510,380 Warrants to be issued pursuant to the Rights Issue with Warrants;
- (c) Listing of and quotation for up to 331,510,380 new Insas Shares to be issued arising from the exercise of the Warrants; and

- (d) Listing of such number of new Insas Shares, representing up to 10% of our total number of issued Shares (excluding treasury shares), to be issued pursuant to the exercise of options under the ESOS.

Bursa Securities' approval-in-principle is subject to the following conditions:-

Conditions	Status of Compliance
(i) Insas and M&A Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue with Warrants and the ESOS;	To be complied
(ii) Insas and M&A Securities to inform Bursa Securities upon the completion of the Rights Issue with Warrants;	To be complied
(iii) Insas and M&A Securities to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue with Warrants is completed;	To be complied
(iv) M&A Securities is required to submit a confirmation to Bursa Securities of full compliance of the employees' share option scheme pursuant to Paragraph 6.43(1) of the Listing Requirements and stating the effective date of implementation together with a certified true copy of the resolution passed by the shareholders in a general meeting approving the ESOS; and	To be complied
(v) Insas to furnish Bursa Securities on a quarterly basis, a summary of the total number of shares listed pursuant to the exercise of the Warrants and exercise of options under the ESOS, respectively as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied

On 23 December 2020, our shareholders had during the EGM approved the Corporate Exercises and the ESOS.

On 5 January 2021, M&A Securities had, on our behalf, announced that our Board had on even date fixed the exercise price of the Warrants at RM0.90 per Warrant.

On 18 January 2021, M&A Securities had, on our behalf, announced the Entitlement Date and the other relevant dates pertaining to the Rights Issue with Warrants.

M&A Securities is a wholly-owned subsidiary of our Company and is a stockbroking firm licensed to undertake the provision of corporate finance services. M&A Securities is also the Principal Adviser and Underwriter for the Rights Issue with Warrants in its ordinary course of business. M&A Securities is of the view that the relationship above does not give rise to a situation of conflict of interest in M&A Securities' role as the Principal Adviser and Underwriter to our Company in relation to the Rights Issue with Warrants. Further details of the relationship and our view that the relationship does not give rise to a situation of conflict are set out in Section 10 of Appendix I of this Abridged Prospectus.

No person is authorised to give any information or make any representation not contained herein in connection with the Rights Issue with Warrants and if given or made, such information or representation must not be relied upon as having been authorised by M&A Securities or us.

You are advised to read, understand and consider carefully the contents of this Abridged Prospectus which sets out the details and risk factors associated with the Rights Issue with Warrants. If you are in any doubt as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

2. PARTICULARS OF THE RIGHTS ISSUE WITH WARRANTS

2.1 Details of the Rights Issue with Warrants

The Rights Issue with Warrants entails a provisional allotment of up to 132,604,152 Rights RPS together with up to 331,510,380 Warrants on a renounceable basis of 2 Rights RPS and 5 Warrants for every 10 existing Insas Shares held by the Entitled Shareholders on the Entitlement Date at an issue price of RM1.00 per Rights RPS. The salient terms of the Rights RPS and Warrants are set out in Sections 2.4 and 2.5 of this Abridged Prospectus.

The actual number of Rights RPS and Warrants to be issued will depend on the eventual subscription level for the Rights Issue with Warrants. As at the LPD, our Company's total number of issued Shares is 693,348,053 Shares and 30,327,291 Shares are held as treasury shares. Our Board does not intend to resell the treasury shares into the open market prior to the implementation of the Rights Issue with Warrants.

As the Rights RPS and Warrants are prescribed securities, your respective CDS Accounts will be duly credited with the number of Provisional Allotments which you are entitled to subscribe for in full or in part under the terms of the Rights Issue with Warrants. You will find the NPA as enclosed in this Abridged Prospectus, notifying you of the crediting of such Provisional Allotment into your respective CDS Accounts, and the RSF as enclosed in this Abridged Prospectus, which is to be used to subscribe for the Provisional Allotments as well to apply for the Excess Rights RPS with Warrants, should you wish to do so.

Only Entitled Shareholders who have an address in Malaysia as stated in the Record of Depositors or who have provided our Special Share Registrar with an address in Malaysia in writing by the Entitlement Date will receive this Abridged Prospectus together with the NPA and RSF.

The Warrants are attached to the Rights RPS without any cost, and shall only be issued to each Entitled Shareholder and/or their renounees/transferees (if applicable) who subscribe for the Rights RPS. The Warrants are exercisable into new Shares and each Warrant will entitle the holder of the Warrants to subscribe for 1 new Share at the exercise price of the Warrant. The Warrants will be immediately detached from the Rights RPS upon issuance and will be separately traded as an individual class of new securities on the Main Market of Bursa Securities. The Warrants will be issued in registered form and constituted by the Deed Poll.

Any dealing in our securities will be subject to, amongst others, the provisions of the SICDA, the Rules of Bursa Depository and any other relevant legislation. Accordingly, upon subscription, the Rights RPS with Warrants will be credited directly into the respective CDS Accounts of the successful applicants. No physical certificates will be issued to the successful applicants but notices of allotments will be despatched to the successful applicants.

The Rights Issue with Warrants is renounceable in full or in part. Accordingly, the Entitled Shareholders can subscribe for and/or renounce their entitlements to the Rights RPS in full or in part. However, the Rights RPS and Warrants are not separately renounceable. As such, Entitled Shareholders who decide to accept only part of their Rights RPS entitlements shall only be entitled to the Warrants in the proportion of their acceptance and subscription of their Rights RPS entitlements. Entitled Shareholders who renounce all of their Rights RPS entitlements will not be entitled to the Warrants.

Any Rights RPS with Warrants which are not taken up or validly taken up, will be made available for excess applications by other Entitled Shareholders and/or their renounees/transferees (if applicable).

Fractional entitlements arising from the Rights Issue with Warrants, if any, will be dealt with in such manner as our Board in its discretion deems fit and expedient and in the best interest of our Company.

Notices of allotment will be despatched to the successful applicant of the Rights RPS with Warrants within 8 market days from the last date of acceptance and payment of the Rights RPS with Warrants or such other period as may be prescribed by Bursa Securities.

The Rights RPS and Warrants will be admitted to the Official List and the listing and quotation of the Rights RPS and Warrants will commence 2 market days upon receipt by Bursa Securities of an application for quotation for these securities as specified under the Listing Requirements, which will include amongst others, confirmation that all notices of allotment have been despatched to the successful applicants, and after receipt of confirmation from Bursa Depository that all CDS Accounts of successful applicants have been duly credited with the Rights RPS and Warrants.

2.2 Basis of determining the issue price of the Rights RPS and exercise price of the Warrants

Issue price of the Rights RPS

Our Board has fixed the issue price of the Rights RPS at RM1.00 per Rights RPS after taking into consideration the following:-

- (a) our Group's funding requirements as set out in Section 4 of this Abridged Prospectus;
- (b) dividend rate of 3.8% per annum on the issue price of the Rights RPS; and
- (c) tenure of the Rights RPS of 5 years.

The issue price of RM1.00 per Rights RPS represents a premium of 40.47% to the 5D-VWAP of our Shares up to and including the LTD of RM0.7119.

Exercise price of the Warrants

Our Board has fixed the exercise price of the Warrants at RM0.90 per Warrant after taking into consideration the following:-

- (a) the general market sentiment and market volatility of our Shares immediately prior to price-fixing date;
- (b) Warrants will be issued at no cost to the Entitled Shareholders and/or their renounees/transferees (if applicable) who successfully subscribe for the Rights RPS;
- (c) theoretical ex-all price of our Shares ("**TEAP**")⁽ⁱ⁾ of RM0.9209, calculated based on the 5D-VWAP of our Shares up to and including 4 January 2021 (being the market day immediate prior to the price-fixing date) of RM0.9314; and
- (d) tenure of the Warrants of 5 years.

The exercise price of RM0.90 per Warrant represents discounts of approximately 3.37% and 2.27% to the 5D-VWAP and TEAP of our Shares, respectively.

Note:-

(i) TEAP is computed as follows:-

$$TEAP = \frac{(P \times Y) + (X \times Z)}{Y + Z}$$

Where:

P = 5-day VWAP of Insas Shares up to and including 4 January 2021
Y = Number of our existing Shares (net of treasury shares)
X = Exercise price of the Warrants
Z = Number of Warrants

and the ratio of Y: Z is 10: 5, in accordance with the entitlement basis of 2 Rights RPS together with 5 Warrants for every 10 existing Shares held.

2.3 Ranking of the Rights RPS, Warrants and new Shares arising from the exercise of the Warrants

The Rights RPS shall rank *pari passu* without any preference or priority amongst themselves and in priority to our existing Shares and other preference shares that may be created in future but shall rank behind all our Company's secured and unsecured obligations (i.e. non-current and current liabilities such as loans & borrowings, trade and other payables, lease liabilities and tax liabilities payable).

Our new Shares to be issued arising from the exercise of the Warrants shall, upon allotment and issuance, rank *pari passu* in all respects with our then existing Shares, save and except that they will not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the shareholders of our Company prior to the relevant date of allotment of our new Shares to be issued arising from the exercise of the Warrants.

The holders of the Warrants will not be entitled to any voting rights or participation in any form of distribution and/or offer of further securities in our Company until and unless they exercise their Warrants for new Shares.

2.4 Salient terms of the Rights RPS

The salient terms of the Rights RPS to be issued pursuant to the Rights Issue with Warrants are set out below:-

Terms	Details
Issue Size	: Up to 132,604,152 Rights RPS and in multiples of RM1.00 each.
Issue Price	: RM1.00 per Rights RPS.
Tenure	: 5 years.
Maturity Date	: The day falling 5 years from the date of issue of the Rights RPS unless the tenure of the Rights RPS, if permitted by law, is extended by Insas and the Rights RPS holders.
Board Lot	: The Rights RPS are tradeable upon listing in board lots of 100 units or such other number of units as may be prescribed by Bursa Securities.

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Dividends : The Rights RPS shall carry the right to receive cumulative gross preferential dividend rate out of the distributable profits of Insas as the issuer, at a dividend rate of 3.8% per annum on the Issue Price of the Rights RPS. No dividends shall be paid on the ordinary shares of Insas unless the dividends on the Rights RPS have first been paid.

The dividends for the Rights RPS shall be made every 6-monthly ending on 30th June and 31st December of each year, with the first dividend period calculated commencing from the date of issue of the Rights RPS to either (inclusive) 30th June 2021 or 31st December 2021, where applicable on which dividend be made when, as and if declared by our Board. The dividends are payable in arrears where payment of the dividends shall be made not later than 14 business days from the dividend date (i.e. 30th June 2021 or 31st December 2021). The successive dividend period is calculated from the date immediately after the last dividend date (i.e. 1st January or 1st July) to the next dividend date (i.e. 30th June or 31st December), with the payment to be made not later than 14 business days from the relevant dividend date. The final dividend period shall be calculated from the date immediately after the last dividend date to the Maturity Date, with the payment to be made not later than 14 business days from the Maturity Date.

In the event any dividend is not paid in full (whether or not declared by our Board) for any reason on any dividend date, the Company shall not declare or pay any dividends or other distributions in respect of, or (if permitted) repurchase or redeem, its preference shares created subsequent to this Rights RPS, ordinary shares or any other security or obligation of our Company ranking junior to the Rights RPS (or contribute any moneys to a sinking fund for the payment of any dividends or other distributions in respect of, or for the redemption of, any such shares, securities or obligations); in each case until our Company has paid all accumulated but unpaid dividends in full from the date of issue of the Rights RPS (or from the relevant dividend date (as the case may be)) or an amount equivalent to the unpaid dividends has been irrevocably set aside in a separately designated trust account for payment to the Rights RPS holders.

If all or any part of the Rights RPS are redeemed, the dividend shall accrue on the Rights RPS surrendered for redemption for the period commencing from the date of issue of the Rights RPS or the date immediately after the last dividend date, as the case may be, to the day (inclusive) of the date of redemption. Any unpaid declared dividends shall be paid together with the redemption price.

Form and denomination : The Rights RPS are to be issued in registered form and constituted by our Company's Constitution.

Conversion right : The Rights RPS is not convertible into new Insas Shares.

Ranking of the Rights RPS : The Rights RPS shall rank *pari passu* without any preference or priority among themselves and in priority to Insas Shares and other preference shares that may be created in future, but shall rank behind all secured and unsecured obligations (i.e. non-current and current liabilities such as loans & borrowings, trade and other

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payables, lease liabilities and tax liabilities payable) of Insas. Our Company may from time to time and at any time create or issue any other shares ranking, as to participation in the profits or the assets of our Company, junior to the Rights RPS, in each case without the prior approval of the Rights RPS holders and the creation or issue by our Company of such shares (regardless of the dividends and other amounts payable in respect of such shares and whether and when such dividends and other amounts may be so payable) shall be deemed not to constitute a variation of the rights attached to the Rights RPS.

Our Company shall not create or issue any other shares ranking as to participation in the profits or the assets of our Company, equal or senior in priority to the Rights RPS.

The Rights RPS shall carry only the rights to dividends and shall not confer on the Rights RPS holders the right to participate in any profits of our Company.

Redemption : The Rights RPS is redeemable at 100% of the Issue Price at any time during the tenure of the Rights RPS at the option of Insas as the issuer, where a written notice of not less than 14 business days must be given.

Any redemption of the Rights RPS shall not prejudice the rights of the Rights RPS holders whose Rights RPS were so redeemed to receive any accrued but unpaid dividends payable up to the date of redemption.

Any Rights RPS not redeemed by our Company or surrendered by the RPS holders at the Maturity Date shall be redeemed by our Company at 100% of the Issue Price.

Redemption Price : The redemption price is at 100% of the Issue Price.

Method of redemption : Our Company may redeem the Rights RPS on a pro-rata basis, in whole or in part, at the Redemption Price at any time during the tenure of the Rights RPS, subject to not less than 14 business days' notice in writing must be given.

Surrender of Rights RPS for the exercise of the Warrants in lieu of the exercise price of the Warrants : In the event any Warrant holders who are also Rights RPS holders, wishes to exercise his Warrants into Insas Shares, he may, instead of paying the requisite monies to our Company for the subscription of our Shares pursuant to the exercise of their Warrants, have the option to surrender their Rights RPS at 100% of the Issue Price for the exercise of the Warrants in lieu of the exercise price of the Warrants.

The intention for such an option is to facilitate Warrant holders who are also Rights RPS holders to exercise their Warrants without them having to make any additional payment. This convenience allows Warrant holders who are also Rights RPS holders, to utilise the proceeds from the surrender of the Rights RPS to pay for the exercise of the Warrants.

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This option to surrender the Rights RPS for the exercise of the Warrants in lieu of the exercise price of the Warrants applies only to Warrant holders who are also Rights RPS holders, which is a convenience feature. For the avoidance of doubt, this option of convenience does not entail that the Rights RPS is convertible into our Shares.

Any Warrant holder who holds the Rights RPS and intends to pay the exercise price of the Warrants by way of surrendering his Rights RPS to Insas, such Rights RPS shall be cancelled by Insas.

The difference between the exercise price of the Warrant (or the adjusted exercise price of the Warrant in accordance with the terms and provisions of the Deed Poll, as the case may be) and the Issue Price shall be repaid by Insas within 1 month from the date the Warrant holder exercising his Warrant, by way of cheque or such other method as our Board may specify.

Alternatively, any Warrant holder who is a Rights RPS holder and who wishes to exercise his Warrants into Insas Shares but does not intend to utilise the above option, he needs not surrender his Rights RPS. He will be required to lodge an exercise form together with payment of the exercise monies as further explained under "Mode of Exercise" in Section 2.5 below.

- Rights of the Rights RPS holders :
- The Rights RPS holders shall have the same rights as ordinary shareholders as regards to receiving notices, reports and audited financial statements and attending general meetings of our Company. The Rights RPS holders however are not entitled to any voting rights in our Company except in the following circumstances:-
- (a) where the dividend or part of the dividend on the Rights RPS has been declared but remains unpaid for more than 6 months;
 - (b) on a proposal to reduce our Company's share capital;
 - (c) on a proposal for the disposal of our Group's assets, business and undertakings in excess of 50% of the total assets of our Group based on our latest audited financial statements;
 - (d) upon any resolution which varies or is deemed to vary the rights and privileges attaching to the Rights RPS;
 - (e) upon any resolution for the liquidation, dissolution, winding-up or other repayment of capital (other than on redemption of redeemable preference shares) of Insas; and
 - (f) other circumstances as may be provided under any law which is applicable to preference shares and/or preference shareholders from time to time;

then the Rights RPS holders shall have the right to receive notice, attend, speak and vote at such general meetings, and where each Rights RPS entitles the registered Rights RPS holder to 1 vote at the

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	<p>general meetings. In respect of paragraph (a) above, such right shall continue until after the next date on which dividends is paid in full (or an amount equivalent to the dividend to be paid, has been paid or irrevocably set aside in a separately designated trust account for payment to the Rights RPS holders).</p>
Liquidation distributions	<p>: In the event of liquidation, dissolution, winding-up or other repayment of capital (other than on redemption) and commencement of any dissolution or winding-up of our Company (other than pursuant to a permitted reorganisation) before any redemption of the Rights RPS:-</p> <p>(a) The Rights RPS shall confer on the holders the right to receive equally without any preference or priority among themselves and in priority to the holders of all other ordinary and other preference class of shares in Insas, cash repayment in full of the amount of up to 100% of the Issue Price (including the amount of any dividends that has been declared and remaining in arrears), provided that there shall be no further right to participate in any profits of Insas.</p> <p>(b) In the event that Insas has insufficient assets to permit payment to the Rights RPS holders of their full preferential amounts described in paragraph (a) above, then all the remaining available funds and assets of Insas shall be distributed rateably among the Rights RPS holders in proportion to the amount that each Rights RPS holder would otherwise be entitled to receive.</p>
Covenants	<p>: Our Company covenants to the Rights RPS holders that our Group's total borrowings shall not exceed 2 times the amount of our shareholders' funds as disclosed in our latest published quarterly financial statements.</p>
Transferable	<p>: The Rights RPS shall be transferable in accordance with the Rules of Bursa Depository.</p>
Listing	<p>: Bursa Securities had on 13 November 2020 approved the admission of the Rights RPS to the Official List and the listing of and quotation for the Rights RPS.</p>
Governing law	<p>: Laws of Malaysia</p>

2.5 Salient terms of the Warrants

The salient terms of the Warrants attached to the Rights RPS are set out below:-

Terms	Details
Issue Size	<p>: Up to 331,510,380 Warrants to subscribe for up to 331,510,380 new Insas Shares to be issued to the Entitled Shareholders pursuant to the Rights Issue with Warrants.</p>

Terms	Details
Detachability	: The Warrants will be constituted by the Deed Poll. The Warrants which are to be issued with the Rights RPS will immediately be detached from the Rights RPS upon issuance and allotment and will be traded separately on Bursa Securities.
Exercise price	: RM0.90 per Warrant. The exercise price and the number of Warrants in issue during the Exercise Period shall be subject to adjustments under circumstances prescribed in the Deed Poll and in accordance with the terms and provisions contained therein.
Exercise Period	: The Warrants may be exercised at any time during the tenure of 5 years commencing from the issue date of the Warrants until 5.00 p.m. on the expiry date. If such expiry date is not a market day, then it shall be the market day immediately preceding the said non-market day. The rights attached to the Warrants which are not exercised during the Exercise Period will thereafter lapse.
Mode of exercise	: The holder of Warrants is required to lodge an exercise form with our Company's Share Registrar/any other appointed agent, duly completed and signed together with payment of the exercise price for the Warrants, by banker's draft or cashier's order drawn on a bank in Malaysia. Alternatively, holders of the Rights RPS who are also holders of the Warrants may surrender the Rights RPS held by them for cancellation at 100% of the issue price of the Rights RPS in lieu of the exercise price of the Warrants. The exercise of the Warrants by the Warrant holders who are also the Rights RPS holders will still require the exercise form to be lodged by the Warrant holders with our Company's Share Registrar or any other appointed agent, duly completed and signed but will not require any cash payment. The difference between the exercise price of the Warrants (or the adjusted exercise price of the Warrants in accordance with the terms and provisions of the Deed Poll, as the case may be) and the issue price of the Rights RPS shall be repaid by our Company within 1 month from the date the Warrant holder exercising his Warrant, by way of cheque or such other method as our Board may specify.
Exercise Rights	: Each Warrant entitles the registered Warrant holder to subscribe for 1 new Insas Share at the exercise price of the Warrants during the Exercise Period and shall be subject to adjustments under circumstances prescribed in the Deed Poll and in accordance with the terms and provisions contained therein.
Mode of transfer	: The Warrants are transferable in accordance with the provisions of the SICDA and Rules of Bursa Depository.

Terms	Details
Board lot	: The Warrants are tradeable upon listing in board lots of 100 units carrying rights to subscribe for 100 new Insas Shares at any time during the Exercise Period or such other number of units as may be prescribed by Bursa Securities.
Status of new Insas Shares to be issued pursuant to the exercise of the Warrants	: All new Insas Shares to be issued arising from the exercise of the Warrants shall upon issuance and allotment rank equally in all respects with our then existing Insas Shares save and except that such new Insas Shares will not entitle its holders to any dividends, rights, allotments, and/or other distributions which may be declared, made or paid to our shareholders prior to the relevant date of allotment of the new Insas Shares arising from the exercise of the Warrants.
Rights of the Warrant holders	: The Warrant holders are not entitled to any voting rights or participation in any dividends, rights, allotments and/or other distributions in our Company until and unless such holders of the Warrants exercise their Warrants into new Insas Shares.
Rights in the event of winding-up, liquidation, compromise and/or arrangement	: Where a resolution has been passed for a member's voluntary winding-up of our Company, or where there is a compromise or arrangement, then:- <ul style="list-style-type: none"> (a) For the purpose of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which our Company is the continuing corporation) to which the Warrant holders or some persons designated by them for such purposes by a special resolution, will be a party, the terms of such winding-up, compromise or arrangement will be binding on all the Warrant holders; and (b) In any other case, every Warrant holder shall be entitled within 6 weeks after the passing of such resolution for a member's voluntary winding-up of our Company or within 6 weeks after the granting of the order by the High Court of Malaya approving the compromise or arrangement, to exercise his Warrants by irrevocably surrender his Warrants to our Company, and be treated as if he had exercised the Warrants immediately prior to the commencement of such winding-up, compromise or arrangement and be entitled to receive out of the assets of our Company which would be available in liquidation if he had on such date been the holder of the new shares to which he would have become entitled pursuant to such action, and the liquidator of our Company will give effect to such election accordingly. If our Company is wound up, all exercise rights which have not been exercised within 6 weeks of the passing of such resolution, shall lapse and the Warrants shall cease to be valid for any purpose.
Modification of rights of Warrant holders	: Save as otherwise provided in the Deed Poll, a special resolution of the Warrant holders is required to sanction any modification, alteration or abrogation in respect of the rights of the Warrant holders.

Terms	Details
Adjustments in the exercise price and/or number of Warrants	: The number and/or exercise price of the Warrants held by each Warrant holder may from time to time be adjusted in the event of any alteration to the share capital of our Company in accordance with the provisions as set out in the Deed Poll.
Further Issues	: Subject to the provisions of the Deed Poll, our Company will be at liberty to issue shares or other securities convertible to shares to shareholders either for cash or as bonus distribution and further subscription rights upon such terms and conditions as our Company sees fit. The Warrant holders will not have any participating rights in such issue unless the Warrant holder becomes a shareholder by exercising his Exercise Rights or otherwise resolved by our Company in general meeting.
Listing	: Bursa Securities had on 13 November 2020 approved the admission of the Warrants to the Official List and the listing of and quotation for the Warrants.
Governing Law	: Laws of Malaysia.

3. SHAREHOLDERS' UNDERTAKINGS AND UNDERWRITING ARRANGEMENT

3.1 Minimum Level and Undertakings

Our Company intends to raise a minimum of RM65.00 million from the Rights Issue with Warrants to meet our funding requirements, which will be channeled towards the utilisation as set out in Section 4 of this Abridged Prospectus. The minimum level would involve 65,000,000 Rights RPS together with 162,500,000 Warrants, to arrive at RM65.00 million.

In view of the above, the Rights Issue with Warrants will be undertaken on a minimum level on a full subscription basis. The Minimum Level will be met via the following:-

- (i) Undertakings for an aggregate of RM45.00 million from the following Undertaking Shareholders:-
 - (a) Dato' Sri Thong Kok Khee to subscribe in full for his Rights RPS entitlements and additional Rights RPS not taken up by other Entitled Shareholders via Excess Rights RPS with Warrants application amounting to an aggregate of not less than 18,000,000 Rights RPS;
 - (b) M&A Investments International Limited to subscribe for its Rights RPS entitlements amounting to not less than 15,000,000 Rights RPS;
 - (c) M&A Investments Pte Ltd to subscribe for its Rights RPS entitlements amounting to not less than 5,000,000 Rights RPS;
 - (d) Immobiliare Holdings Sdn Bhd to subscribe for its Rights RPS entitlements amounting to not less than 2,700,000 Rights RPS; and
 - (e) Baktihan Sdn Bhd to subscribe for its Rights RPS entitlements amounting to not less than 4,300,000 Rights RPS;
- (ii) Underwriting of up to 20,000,000 Rights RPS together with up to 50,000,000 Warrants amounting to up to RM20.00 million by the Underwriter.

A summary of the Undertakings mentioned in Section 3.1(i) above is set out below:-

Undertaking Shareholders	Direct shareholdings as at the LPD		Rights RPS Entitlements			(A) Entitled undertakings procured	
	No. of Shares	% ^(a)	No. of Rights RPS	No. of Warrants	%	No. of Rights RPS	No. of Warrants
Dato' Sri Thong Kok Khee	5,184,678	0.78	1,036,934	2,592,335	0.78	1,036,934	2,592,335
M&A Investments International Limited	96,749,534	14.59	19,349,906	48,374,765	14.59	15,000,000	37,500,000
M&A Investments Pte Ltd	27,670,755	4.17	5,534,150	13,835,375	4.17	5,000,000	12,500,000
Immobillaire Holdings Sdn Bhd	13,538,635	2.04	2,707,726	6,769,315	2.04	2,700,000	6,750,000
Baktihan Sdn Bhd	21,746,400	3.28	4,349,280	10,873,200	3.28	4,300,000	10,750,000
Total	164,890,002	24.86	32,977,996	82,444,990	24.86	28,036,934	70,092,335

Undertaking Shareholders	(B) Additional undertakings procured		(A)+(B) Total undertakings			Subscription amount pursuant to Undertakings
	No. of Rights RPS	No. of Warrants	No. of Rights RPS	No. of Warrants	% ^(b)	RM
Dato' Sri Thong Kok Khee	16,963,066	42,407,665	18,000,000	45,000,000	13.57	18,000,000
M&A Investments International Limited	-	-	15,000,000	37,500,000	11.31	15,000,000
M&A Investments Pte Ltd	-	-	5,000,000	12,500,000	3.77	5,000,000
Immobillaire Holdings Sdn Bhd	-	-	2,700,000	6,750,000	2.04	2,700,000
Baktihan Sdn Bhd	-	-	4,300,000	10,750,000	3.24	4,300,000
Total	16,963,066	42,407,665	45,000,000	112,500,000	33.93	45,000,000

In addition, the Underwriter will underwrite up to 20,000,000 Rights RPS together with up to 50,000,000 Warrants for which no undertaking is obtained. This will result in the minimum level of 65,000,000 Rights RPS together with 162,500,000 Warrants, to arrive at RM65.00 million.

Notes:-

- (a) Based on our number of issued shares of 663,020,762 Shares (excluding 30,327,291 treasury shares).
- (b) Based on 132,604,152 Rights RPS and 331,510,380 Warrants available for subscription pursuant to the Rights Issue with Warrants under the Maximum Scenario.

M&A Securities is a wholly-owned subsidiary of our Company and is a stockbroking firm licensed to undertake the provision of corporate finance services. In addition, M&A Securities is the Principal Adviser and Underwriter for the Rights Issue with Warrants in its ordinary course of business. M&A Securities is of the view that the relationship above does not give rise to a situation of conflict of interest in M&A Securities' role as the Principal Adviser and Underwriter to our Company in relation to the Rights Issue with Warrants. Further details of the relationship and our view that the relationship does not give rise to a situation of conflict are set out in Section 10 of Appendix I of this Abridged Prospectus.

Pursuant to the Undertakings, the Undertaking Shareholders have confirmed that they have sufficient financial means and resources to fulfil their obligations under the Undertakings. M&A Securities has verified the sufficiency of financial resources of the Undertaking Shareholders by way of sighting sufficiency of funds maintained at the clients' trust account of M&A Securities, for the purpose of subscribing for the Rights RPS and excess Rights RPS pursuant to the Undertakings.

Upon completion of the Rights Issue with Warrants, the resultant shareholdings of the Undertaking Shareholders will not give rise to any consequence of mandatory take-over obligation under the Malaysian Code on Take-Overs and Mergers 2016 and the Rules on Take-overs, Mergers and Compulsory Acquisitions. However, should the Undertaking Shareholders and/or any of their related parties exercise their Warrants, such that their shareholdings in our Company increase to more than 33%, whether on an individual or collective basis, the Undertaking Shareholders and/or any of their related parties are obliged to undertake a mandatory offer for all the remaining Shares not already held by them after the exercise of the Warrants.

Notwithstanding the above, Dato' Sri Thong Kok Khee and persons acting in concert with him may, at a later stage after the completion of the Corporate Exercises, seek an exemption from the obligation to undertake a mandatory offer for all the remaining Shares not held by them that may arise pursuant to their exercise of the Warrants and/or ESOS options.

The issuance of the Rights RPS with Warrants will not have an immediate dilution effect on the shareholdings and public shareholding spread of our Company as the Rights RPS is not convertible into ordinary shares.

3.2 Underwriting arrangement

Our Company had entered into an underwriting arrangement with the Underwriter for the underwriting of up to 20,000,000 Rights RPS together with up to 50,000,000 Warrants, representing 15.08% of the total Rights RPS to be issued under the Rights Issue with Warrants, for which no undertaking was obtained from other shareholders in order to meet the Minimum Level. The details of the underwriting arrangement is set out below.

Underwriter	Total underwritten Rights RPS			Funding required
	No. of Rights RPS	No. of Warrants	% ^(a)	RM'000
M&A Securities	20,000,000	50,000,000	15.08	20,000

Note:-

- (a) Based on 132,604,152 Rights RPS and 331,510,380 Warrants available for subscription pursuant to the Rights Issue with Warrants under the Maximum Scenario.

The underwriting arrangement with M&A Securities will not contravene Section 22 of the Act as the Rights RPS is a redeemable instrument and not convertible into ordinary shares, and the board of directors of M&A Securities has resolved that in the event M&A Securities is required to subscribe for the Rights RPS, it will not convert the Warrants attached to the Rights RPS into ordinary shares. Further, M&A Securities will place out the subscribed Rights

RPS and Warrants within 6 months from the date of issuance of the Rights RPS and Warrants.

The underwriting commission is 1.5% of the value of the underwritten Rights RPS, subject to the terms and conditions of the Underwriting Agreement. The underwriting commission payable to the Underwriter and all other costs in relation to the Underwriting Agreement will be fully borne by our Company.

4. UTILISATION OF PROCEEDS

Based on an issue price of RM1.00 per Rights RPS, the gross proceeds to be raised from the Rights Issue with Warrants is intended to be utilised in the following manner:-

Purpose	Minimum Scenario	Maximum Scenario	Expected time frame for utilisation from completion of the Rights Issue with Warrants
	RM'000	RM'000	
Repayment of bridging loan	63,250 ⁽ⁱ⁾	130,854 ⁽ⁱ⁾	Within 2 months
To defray estimated expenses relating to the Corporate Exercises	1,750 ⁽ⁱⁱ⁾	1,750 ⁽ⁱⁱ⁾	Within 1 month
Total	65,000	132,604	

Notes:-

(i) Repayment of bridging loan

The proceeds is intended to be utilised primarily to repay our Group's bridging loans (consisting entirely of revolving credits facilities) which were used to fully redeem our Company's RPS-A. By way of summary, on 3 March 2015, our Company had raised RM132.60 million from the listing of 132.60 million RPS-A with 265.20 million warrants at an issue price of RM1.00 per RPS-A under a rights issue exercise. The RPS-A was a 5-year issue of redeemable preference shares which matured on 25 February 2020 and was redeemed by our Company in a lump-sum repayment on the maturity date via the drawdown of RM132.60 million of our Group's revolving credit facilities obtained from 4 financial institutions. There is no conflict of interest between these financial institutions and our Company, subsidiaries, substantial shareholders Directors and persons connected with them.

As at the LPD, the outstanding balance for our Group's bridging loans which were used to redeem the RPS-A was RM132.60 million. Through the repayment of the abovesaid bridging loans, our Group expects interest savings of approximately RM5.09 million per annum based on annual interest rates ranging between 3.52% and 4.22% from the reduction of interest expenses when our Group's bridging loans for the RPS-A are repaid from the proceeds of the Rights Issue with Warrants.

After incorporating dividend payments for the Rights RPS, the net savings to our Group is RM0.05 million. Despite the marginal net savings, the Rights Issue with Warrants is favourable as:-

- the bridging loans are subject to annual or periodic review by financial institutions and can be withdrawn by financial institutions;
- allows our Company to replace the short-term bridging loans with the redeemable preference shares for the medium to long term tenure;
- the redemption of the Rights RPS is at the option of our Company, allowing our Company to manage our cash flow, especially under the prevailing uncertain

- global economic and market conditions resulting from the containment measures arising from the COVID-19 pandemic crisis; and
- (d) the pre-determined 3.8% dividend rate is more competitive as compared to bank borrowings. Although interest rates for our Group's bridging loans ranges between 3.52% and 4.22%, which on average approximates the dividend rate, it must be noted that revolving credit facilities are short-term borrowings by nature. Current general bank lending rates for fully secured and collateralised bank loans and borrowings are approximately 5.0%. In addition, OPR rate is at its historical low, which rate was reduced 4 times all within the year 2020 by a cumulative 125 basis points, to cushion the economic impact of the lockdown measures implemented to curb the COVID-19 pandemic on businesses and households. Borrowings rate will however eventually need to normalise.

(ii) Estimated expenses for the Corporate Exercises

The breakdown of the estimated expenses for the Corporate Exercises is illustrated below:-

Estimated expenses	RM'000
Professional fees ⁽¹⁾	665
Underwriting fee	318
Fees to the relevant authorities	161
Printing, despatch, advertising and meeting expenses	374
Miscellaneous charges ⁽²⁾	125
Contingencies ⁽³⁾	107
Total	1,750

Notes:-

- (1) Comprises estimated professional fees payable to the Principal Adviser, Reporting Accountants, solicitors, IMR and Special Share Registrar for the Corporate Exercises.
- (2) Comprises estimated ancillary expenses such as fees for the retrieval of Record of Depositors and allotment fees for the Corporate Exercises.
- (3) Allotment of additional funds that can be used in the event of unanticipated cost.

If the actual expenses incurred are higher than the budgeted amount, the deficit will be funded from our Group's working capital. Conversely, if the actual expenses are lower than the amount budgeted, the excess will be utilised to repay our Group's remaining outstanding bridging loans mentioned in paragraph (i) above. The actual gross proceeds to be raised from the Rights Issue with Warrants will depend on the actual number of Rights RPS that will be issued.

Pending utilisation of the proceeds from the Rights Issue with Warrants for the above purposes, the proceeds will be placed in interest-bearing deposits and/or short term money market instruments with financial institutions, as our Board, in its absolute discretion, deems fit and is in the best interest of our Company. The interest income derived from the short-term placements will be used as additional working capital of our Group.

The exact quantum of gross proceeds that may be raised from the exercise of the Warrants would depend on the actual number of Warrants exercised. The proceeds from the exercise of the Warrants will be received on an "as and when basis" over the tenure of the Warrants.

Strictly for illustration only, based on the exercise price of RM0.90 per Warrant, the proceeds potentially to be raised from the exercise of the Warrants is RM298.36 million upon full exercise of the Warrants under the Maximum Scenario. Any proceeds arising from the exercise of the Warrants in the future will be used to finance future working capital requirements. The exact breakdown and the timeframe for utilisation of the proceeds cannot be determined at this juncture and would be dependent on the actual requirements at the relevant time.

5. RATIONALE FOR THE RIGHTS ISSUE WITH WARRANTS

The Rights Issue with Warrants is proposed to be utilised primarily to repay our Group's bridging loans (consisting entirely of revolving credit facilities) aggregating RM132.60 million which was used to fully redeem our Company's RPS-A ^{Refer to box below}. The proposed repayment is expected to result in interest savings of approximately RM5.09 million per annum and net savings of RM0.05 million after incorporating dividend payments for the Rights RPS. The Rights Issue with Warrants allows our Company to replace the bridging loans with the redeemable preference shares for the medium to long term tenure at a pre-determined 3.8% dividend rate which is more competitive as compared to other means of financing such as bank borrowings. Current general bank lending rates for fully secured and collateralised bank loans and borrowings are approximately 5.0%. The redeemable preference shares are unsecured, not subject to annual or periodic review by financial institutions and can be redeemed (partially or otherwise) at any time during its tenure at the option of our Company or redeemed in one lump-sum bullet payment by our Company on the maturity date. This is favourable as it allows our Company to manage our cash flow, especially under the prevailing uncertain global economic and market conditions resulting from the containment measures arising from the COVID-19 pandemic crisis.

In our Company's Circular dated 1 December 2020 for the Corporate Exercises and ESOS, it was disclosed that on 3 March 2015, RM132.60 million was raised from the listing of 132.60 million RPS-A with 265.20 million warrants at an issue price of RM1.00 per RPS-A under a rights issue exercise. The RPS-A was for a tenure of 5 years which matured on 25 February 2020. The RPS-A was redeemed in a bullet repayment on the maturity date (i.e. 25 February 2020).

The proceeds from the issuance of RPS-A was utilised primarily for our Group's business:-

	<i>RM' million</i>
<i>Capital injection to support our subsidiaries' continuous business for growth</i>	<i>65.0</i>
<i>Subscribe for the fund raising exercise in associate company, Inari Amertron Berhad</i>	<i>30.0</i>
<i>Repayment of bank borrowings</i>	<i>20.0</i>
<i>Working capital and general business purposes</i>	<i>16.2</i>
<i>Payment of expenses relating to the rights issue of RPS-A</i>	<i>1.40</i>
<i>Total</i>	<i>132.60</i>

Our Group's principal business segments are in stock broking, provision of corporate finance and advisory services ("**Stock broking & Corporate Finance**"); structured finance ("**Structured Finance**"); investment holding and trading ("**Investments**"); and technology investments and information technology related services ("**Technology**"), and accordingly, the nature of our core business segments require adequate, sufficient and abundant cash resources and buffer to support our business activities and to undertake and to commit to any potential good and viable investments and opportunities that may arise from time to time.

- (a) Our Stock broking & Corporate Finance businesses, which is undertaken by M&A Securities, a wholly-owned subsidiary of our Company, require the maintenance of

sufficient level of cash to bridge trade settlements due to Bursa Securities' pending clearance of funds from clients who may pay for their trades by cheques on trade due dates, working capital for our margin financing business as well as working capital for our corporate finance activities in relation to our underwriting business. Further details of the relationship are set out in Section 10 of Appendix I of this Abridged Prospectus.

- (b) Our Structured Finance unit, which essentially entails providing financing needs to largely companies that are unable to satisfy the requirements of conventional financing, requires sufficient cash buffer as working capital. And to stay competitive, internal cash funds is the most economical and viable source of funding.
- (c) Our Investments and Technology units need to maintain sufficient level of cash to venture into potential viable and feasible investment opportunities.

Although our Group's cash and bank balances and deposits as at 30 September 2020 stood at RM512.82 million, they were primarily used by our subsidiaries for working capital requirement purposes.

	-----As at-----	
	30 June 2020	30 September 2020
	RM'000	RM'000
Cash and bank balances	180,088	300,191
Deposits with licensed banks and financial institutions	491,564	470,652
Total cash and deposits	671,652	770,843
Less:		
Cash and bank balances pledged ^(a)	(95,144)	(205,100)
Fixed deposits pledged ^(a)	(177,249)	(52,921)
<i>Net cash and deposits</i>	<u>399,259</u>	<u>512,822</u>
Loans and borrowings		
- current	(328,087) ^(c)	(341,043) ^(c)
- non-current	(15,348)	(20,011)
	(343,435)	(361,054)
Lease liabilities		
- current	(9,758)	(6,482)
- non-current	(14,097)	(15,990)
	(23,855)	(22,472)
<i>Total loans & borrowing and lease liabilities obligations^(b)</i>	<u>(367,290)</u>	<u>(383,526)</u>
<i>Net Cash</i>	<i>31,969</i>	<i>129,296</i>

Notes:

- (a) These cash and bank balances and deposits are pledged to various banks and financial institutions as security for banking and credit facilities granted to our Group.
- (b) Our Group's total loans, borrowings and lease liabilities obligations of RM367.29 million as at 30 June 2020 and RM383.53 million as at 30 September 2020 are mostly short term and repayable within 1 year.
- (c) Includes the bridging loans of RM132.60 million drawn down by our Company to redeem the RPS-A that matured in February 2020.

The unquoted investments as shown in our financial statements for the audited FYE 30 June 2020 and unaudited FPE 30 September 2020 were acquired by our Group as part of our portfolio diversification strategy to be held for long-term with a view to generate a higher

return than interest earned on placement of funds in banks (where one year fixed deposit rates offered by financial institutions in Malaysia ranges between 1.85% to 2.25% as at the LPD). One such investment includes a mixed property development in London which is projected to generate a return of 12.5% per annum to our Group.

	-----As at-----	
	30 June 2020	30 September 2020
	RM'000	RM'000
Unquoted investments outside Malaysia ⁽ⁱ⁾	24,927	25,631
Unquoted investments in Malaysia ⁽ⁱ⁾	6,978	6,978
	<u>31,905</u>	<u>32,609</u>

- (i) Comprises mainly equity investments in private entities in the businesses of property development, online digital media and biotechnology.

Our Group had, in July 2020 and August 2020, disposed some shares in Inari Amertron Berhad to raise cash resources as a buffer for our Group in view of the concern of our Board over the continuing uncertainties resulting from the containment measures arising from the global COVID-19 pandemic which has adversely affected the global and local economy. The proceeds of approximately RM100 million from the disposals were used to part repay RM20 million of bank borrowings with the balance as working capital of our Group and to hold as available cash reserves and liquid assets for use to sustain any unforeseen and prolong economic downturn due to the containment measures arising from the COVID-19 pandemic. As explained above, our Group's cash is mostly retained by our subsidiaries for use for their businesses and operational requirements, and our Board is exercising prudent and conservative management to retain adequate cash reserves to weather through this extremely difficult, uncertain and challenging economic environment caused by the containment measures arising from the global COVID-19 pandemic, and also to have sufficient cash reserves to invest in any new, good and viable investment opportunities that may come along during this economic crisis. One such investment is the commitment for an initial RM40 million joint-investment to be made by our Group and associated company, Diversified Gateway Solutions Berhad which was announced by Diversified Gateway Solutions Berhad on 30 October 2020, to acquire 50.1% equity interest in Duramitt Sdn Bhd, a company presently involved in the manufacturing and sale of industrial and specialised gloves. Our Board believes that the prudent and conservative cash management in this economic climate is in the best interest of our Company and our shareholders for the long term sustainable growth and prospect of our Group.

For this purpose, the Rights Issue with Warrants is structured via the issuance of the Rights RPS with Warrants, which does not have an immediate dilution effect on the shareholdings and EPS of our Company as the Rights RPS is not convertible into ordinary shares. Entitled Shareholders who renounce and/or do not subscribe in full for their entitlements to the Rights Issue with Warrants will not encounter an immediate dilution effect on their shareholdings in our Company until such time when the Warrants are exercised into new Insas Shares.

The dividend rate of the Rights RPS under the Rights Issue with Warrants which is at 3.8% per annum on the issue price of the Rights RPS is at a rate higher than the dividend yield for our ordinary shares of 2.13% (based on dividend on ordinary shares of 2 sen per annum for the full FYE 30 June 2020 and closing market price of RM0.94 per Share as at the LPD) and the one year fixed deposit rates offered by financial institutions ranging between 1.85% to 2.25% as at the LPD. The dividend rate of the Rights RPS is also lower than the effective interest rate for our revolving credit facilities (which also comprises our bridging loans for the RPS-A) of 4.95% between January 2016 and December 2020 and current general bank lending rates of approximately 5.0% for fully secured and collateralised bank loans and borrowings. The dividends for the Rights RPS shall be made every 6-monthly ending on 30th June and 31st December of each year, with the first dividend period calculated commencing from the date of issue of the Rights RPS to either (inclusive) 30th June 2021 or 31st December

2021, where applicable. The dividends for the Rights RPS are payable in arrears (i.e. not later than 14 business days from the dividend date) and are made when, as and if declared by our Board. In addition, the cumulative dividend feature of the Rights RPS entitles the holders of the Rights RPS to receive dividends, as and if declared by our Board, which shall be cumulative if not paid when due. As such, cumulative dividends must be paid, even if they are paid at a later date than originally stated. The cumulative dividend feature will provide the holders of the Rights RPS with at least a minimum return on their investment during the tenure of the Rights RPS, including in the case of an absence of profits, without the risk of long maturity dates or market fluctuation of ordinary shares. Based on our Company's financial ability to pay dividends and our Company's historical dividend payment track record for the RPS-A which also had a cumulative dividend feature, holders of the RPS-A were provided with a regular fixed and consistent income during the tenure of the RPS-A.

The Warrants attached with the Rights RPS are intended to provide an added incentive to the Entitled Shareholders to subscribe for their respective entitlements under the Rights Issue with Warrants. This provides the Entitled Shareholders with an opportunity to increase their equity participation in our Company, at a predetermined price during the tenure of the Warrants. The exercise price of RM0.90 per Warrant was priced at discounts of approximately 3.37% and 2.27% to the 5D-VWAP and theoretical ex-all price of our Shares. The Rights Issue with Warrants allows our Company to raise capital at a competitive cost as compared to other means of financing such as through bank borrowings and other debt instruments and as and when any of the Warrants are exercised, will enable our Company to raise further proceeds from the equity market.

Based on the above and after taking into consideration other options available as well as noting that our Company has not undertaken any fund-raising exercises in the past 2 years prior to the announcement of the Rights Issue with Warrants, our Board is of the view that the Rights Issue with Warrants is in the best interest of our Company and our shareholders.

6. RISK FACTORS

In addition to other information contained in this Abridged Prospectus, you should carefully consider the following risk factors before subscribing for or investing in the Rights Issue with Warrants:-

6.1 Risks relating to our business

(i) Dependence on key management and qualified personnel

Our continued success will depend significantly on the abilities and continued efforts of our Directors and senior management. With our Group's human resources strategies to retain competent personnel such as encouraging participative management, providing competitive and performance based remuneration, adopting succession planning for key positions and providing employees with a variety of on-going training programmes to upgrade their knowledge and capabilities, our management has expanded and strengthened over the years. Although younger members of our management team are being groomed to eventually take over from their seniors in the future and every effort is made to recruit and retain skilled personnel to ensure the continued growth of our Group, the loss of key members of our senior management team without appropriate replacement could adversely affect our Group's ability to compete in the industry.

(ii) Political, economic and regulatory considerations

The nature of our business is subject to prevailing political, economic and regulatory circumstances in Malaysia and/or other countries in which our Group has business

dealings. Adverse political and economic conditions or developments, such as the ongoing US-China trade war quandary, vulnerabilities and volatility of emerging market economies and currencies and severe fluctuation in interest rates, can affect investors' confidence in the financial and stock markets which, in turn, may have a material adverse impact on our Group's financial performance. As a result of globalisation, economic or market instability in a single country or region are increasingly affecting other markets generally. A continuation of these situations could adversely affect global economic conditions and world markets, and in turn, could cause a "chain reaction" effect and thus may adversely affect our Group's business and financial performance.

(iii) Impact of containment measures to curb the COVID-19 virus on our Group's business and operations

1.

Over the last financial quarters, the COVID-19 pandemic has spread across the world resulting in lockdown or similar measures imposed by governments worldwide to curb the spread of the virus. These have resulted in adverse impact to the performance of the world's economies including Malaysia. Even with the gradual relaxation of lockdown measures, consumer sentiment is expected to remain dampened in the near future as consumers stay cautious in their spending. Our Group has taken appropriate steps to comply with the standard operating procedure that is in line with the National Security Council and the Ministry of Health's specifications in relation to the COVID-19 infection control measures. Since the commencement of the MCO until 31 December 2020, the cost incurred by our Group to comply with the standard operating procedure is approximately RM0.20 million which comprised mainly the cost of sanitising premises, screening tests and for the purchase of personal protective equipment.

With the recent resurgence of COVID-19 infections across the world, lockdown or similar measures may be re-imposed by governments worldwide to curb the spread of the virus. Until a vaccine and/or cure can be developed and mass-distributed to the general population, the dampening effects of the COVID-19 pandemic on consumer spending is expected to remain prevalent in the foreseeable future.

While our Group's financial services and investment holding and trading segments faced minimal disruptions as our businesses were able to operate as usual during the MCO in view that they were classified as essential, our car rental, retail fashion and food and beverage segments were affected initially by the lockdown and movement restrictions and slower consumer demand. There is no assurance that the lockdown or similar measures to curb the COVID-19 outbreak will not have a material adverse impact on the industries in which our Group operates.

6.2 Risks relating to our industries

Risks relating to the capital market and lending industries

(i) Foreign exchange risks

For the FYE 30 June 2020, the main revenue contributor to our Group is investment holding and trading, contributing 44% of our Group's total revenue. Our Group's investment holding and trading segment is exposed to fluctuations in foreign currency exchange risks as a substantial portion of our investments are denominated in foreign currencies other than RM. In line with the Malaysian Financial Reporting Standards, changes in accounting value of the assets and borrowings arising from foreign exchange translation are taken to the statements of profit and loss. Where necessary, our Group enters into forward foreign exchange contracts and match local currency income and investments to local currency expenditure and borrowings to

minimize the foreign exchange exposure. Notwithstanding, there can be no assurance that there will not be any significant and/or volatile fluctuation in foreign currency exchange, the occurrence of which may affect our Group's financial performance.

(ii) Credit risks

Credit risks arising from adverse changes in the credit quality and recoverability of loan, advances and amounts due from counterparties are inherent in our structured finance and stockbroking & corporate finance businesses. Credit risks could arise from deterioration in the credit quality of specific counterparties of our Group, from a general deterioration in local or global economic conditions or from systemic risks within the financial systems, all of which could affect the recoverability and value of our business' assets and require an increase in our business' provisions for impairment of our assets and other credit exposures.

Our structured finance and stockbroking & corporate finance segments have in place, risk management policies including a risk management committee managing risks of our financial exposure of our business as well as vetting through prospective clients. Our Group controls credit risk by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting our Group's associations to clients with high credit worthiness and loan receivables under our structured finance segment are required to deposit sufficient assets as collateral and adhere to credit limits within the fair values of assets placed as collateral. Trade receivables are monitored on an on-going basis via management reporting procedures. However there can be no assurance that our efforts and risks managing policies will be sufficient in mitigating credit risks that may arise.

(iii) Liquidity and cash flow risks

Any negative movement in the equity markets due to adverse political and economic conditions or developments such as political uncertainties, fluctuations in interest and/or currency exchange rates, ongoing US-China trade war quandary and vulnerabilities and volatility of emerging market economies, can potentially affect our liquidity and cash flow positions and may even cause credit risks due to recoverability of loans. In addition, our Group is also in the business of trading of quoted securities and other related financial instruments. Any negative movements in the financial markets could adversely affect the price of our financial instruments and hence, the value of our holdings of financial assets.

Our Group actively manages our debts maturity profile, operating cash flow and availability of funds so as to ensure all financing, repayment and funding needs are met. Our Group maintains adequate amount of committed credit facilities by keeping credit lines available. However, there can be no assurance that our efforts will be sufficient to mitigate liquidity and cash flow risks.

(iv) Interest rate risks

Our investment holding and trading, structured finance and stockbroking & corporate finance segments are financed by both internally generated funds and bank borrowings. Our Group's exposure to interest rate risk arises mainly from borrowings. Any increase in interest rates can materially increase our cost of financing and hence, our profitability. Our Group manages such risk by closely monitoring the interest rates of our borrowings. However, there can be no assurance that our monitoring efforts will be sufficient to mitigate the risks arising from fluctuating interest rates.

(v) Security risks

Our business seeks to protect our computer systems and network infrastructure from physical break-ins as well as security breaches and cyber security threat. Computer security and cyber security breaches could affect the security of information stored in, and transmitted through these computer systems and network infrastructure. Our business employs physical and digital security systems, including firewalls and password encryption, designed to minimise the risk of security breaches. Our Group has also engaged professionals to conduct penetration test, social engineering test, awareness talk, consultation services and training to our staff.

However, there can be no assurance that these security measures will be adequate or successful. A significant system failure, calamity or failure in security measures could have a material adverse effect on our Group's business, financial condition, results of operations and prospects.

Risks relating to the electronics manufacturing services industry

(i) Economic and market environment

Our Group's Technology business operates in a fast and rapidly changing industry. There is the constant presence of risks associated with an uncertain global economy with weaker trade and demand will affect the worldwide semiconductor industry resulting in demand volatility and a challenging technological environment. Any slowdown in global semiconductors or smartphone demand, or technology obsolescence will have a significant negative effect on our Group's Technology business. Although there is no direct mitigation for such macro risks, with each year, our Group continuously takes steps to upgrade our technical and production capabilities to extend our product and service range to cater for different applications and products, while concurrently diversifying our revenue streams. Beginning with basic assembly services, we have grown steadily to offering our current comprehensive semiconductor packaging services. We are mindful of the current economic uncertainties and challenging market conditions and as such, we continuously undertake aggressive cost-containment measures and rollout more innovative approaches in our operations to drive greater cost efficiency and productivity.

(ii) Dependence on major customers and competitive industry

Our Group's Technology business is highly dependent on a few major customers for a significant portion of its revenue and operates in a highly competitive industry subjected to rapid technological changes. As such, our Group has focused on continuous upgrading of new manufacturing processes and technologies as well as the practice of stringent quality management. Although no assurance is given that our Group's Technology business will be able to maintain its market position in the Outsourced Semiconductor Assembly and Test ("**OSAT**") industry, its technical know-how and industry knowledge, particularly its ability to offer comprehensive semiconductor packaging services, including those of back-end wafer processing, advanced packaging assembly, radio frequency final testing and other turnkey services will enable it to leverage on its competitive strengths to sustain and grow its market position with existing and new customers. Further, its plans to expand its research and development efforts to enhance the development of new products will help strengthen its position in the OSAT industry.

(iii) Foreign exchange risks

Our Group's Technology business segment is exposed to foreign currency exchange risks arising from any appreciation or depreciation of the denominated foreign currencies against the reporting currency as most of our Group's Technology business revenue is derived in USD. To mitigate the risk of foreign currency exchange fluctuations, our Group's Technology business actively carries out foreign currency hedging and takes active steps to minimise foreign currency exchange exposure in its procurement and purchasing arrangements with both local and foreign suppliers. Notwithstanding, there can be no assurance that there will not be any significant and/or volatile fluctuation in foreign currency exchange, the occurrence of which may affect our Group's Technology segment's financial performance.

Risks relating to the car rental industry

(i) Competition

Our car rental business which offers the conventional self-drive and chauffeured services on short to long-term leases faces strong competition from other car rental companies and the wide availability of 'rideshare' services. Customer-retention is one of our great challenges, especially in transient leasing. Our management continuously monitors our pricing model, car fleet and marketing strategies to differentiate ourselves and that cars are regularly serviced and well-maintained to attract more customers.

Due to the containment measures of the COVID-19 pandemic, our car rental business has been one of the hardest-hit segment as transient rental was badly affected due to no in-bound tourism activities. With the current daily global COVID-19 cases reaching another record high, countries around the globe are facing the risk of a prolonged second wave or third wave of COVID-19 infection. Should the respective government around the globe reintroduce and/or reinforce movement restrictions/lockdown, this will potentially reduce further the recovery of tourism activities. While our management will focus on attracting new long-term hirers and seek to renew business and rentals from existing customers, there is no assurance that our car hire division will be able to continue to be competitive in the future.

Risks relating to the property development industry

(i) Dependence on the performance of the property market

The performance of our property development business is dependent on the performance of the property market in Malaysia. The performance of the property market in Malaysia is generally affected by, amongst others, economic climate, population growth, demand as well as supply of properties. Any adverse development affecting the property market may result in adverse impact on the performance of our property development business, which in turn may adversely affect our financial performance.

(ii) Dependence on contractors

The property development sector is highly dependent on the performance of the main/sub-contractors to ensure timely completion of the respective buildings and infrastructure works as per their contractual timeline. As such, the performance and profitability of our development projects is dependent on the quality, pricing, performance and reliability of the main/sub-contractors appointed to carry out the development projects.

Failure by contractors to complete their work based on agreed time schedule and to the specification required may materially and adversely affect our ability to deliver completed properties to our end-buyers in a timely manner and to the specification required. We engage third-party contractors to provide various services in respect of our property development business, including design, construction, piling and foundation, building and property fit-out works. We invite contractors to tender bids according to their reputation for quality and track record. However there is no assurance that the services rendered by third-party contractors will be satisfactory or match the quality level we require. Moreover, contractors may experience financial or other difficulties such as procuring foreign labour that may affect their ability to carry out the work for which they were contracted, thus delaying the completion of our property development projects and resulting in additional costs to us. Any of these factors could adversely affect the results of our operations and reputation.

Risks relating to the retail fashion industry

(i) Competition

Our luxury fashion business faces competition primarily from franchisees of other international luxury brands that our Group does not carry and from direct international luxury brands that open stores in Malaysia. In order for us to sustain our competitive advantage, we constantly strive to keep in touch with the latest fashion trend and to carry new designs regularly palatable to the Malaysian market. However, there is no assurance that our business will not be affected by competitive strategies adopted by our competitors.

(ii) Renewal of license agreement

Our luxury fashion business carries international brands such as Aigner, Emilio Pucci, Givenchy, Hackett London, Max Mara, MCM, Roger Vivier and Tod's.

In order to retail and distribute such products, our Group has entered into various license agreements, sub-license agreements, distributorship agreements and memorandum of understanding with various principals, which are renewed periodically. As such, there exists a risk which may affect our luxury fashion operations and profitability should such agreements not be renewed due to various factors including contractual obligations which may be beyond our control. In addition, should there be variation / termination of our contracts / agreements where we do not enjoy the sole distributorship of certain brands in the locations we operate in, our businesses may be adversely affected by direct competition from other companies.

While we consistently strived to maintain good rapport with our principals and offer value-added-services to our partnering brands (i.e. handling warranty claims), there can be no assurance that our luxury fashion business will be able to retain such contracts in future.

(iii) Slow moving stocks

Our luxury fashion business has various boutiques in Kuala Lumpur, Genting Highlands and Johor. Our business constantly requires high inventory level to meet the demand as well as sufficient inventory level for each outlet. As demand and inventory level for each outlet varies, our business faces risks such as possibilities of slow moving stocks due to changing fashion trends and consumer tastes. As such, our business has to constantly repackage these slow moving stocks to enhance the marketability of such stocks to keep inventory level manageable. However, no assurance can be given that such steps will reduce the amount of slow moving stocks.

Risks relating to the food and beverage industry

(i) Inherent food safety risks in the production of food products

Our Group holds the Malaysian franchise for Dome Café and operates over 10 outlets in Klang Valley, Genting Highlands, Johor and Penang. As a food service operator, our food and beverage business faces inherent risk of food contamination and liability claims. In the event that contamination and/or deterioration of raw food material occurs, our food products will be unsafe for consumption. This could lead to loss in revenue, increased in cost, loss in customers' confidence and loyalty and/or financial loss arising from compensation to customers for medical issues caused.

We may be required to undertake measures to decontaminate our premises and equipment to ensure food safety and the safety of our customers resulting in the temporary closure of our premises. Additional costs may also be incurred in addressing customer complaints or in engaging legal services to defend our Group's reputation.

Although we implement strict protocols in our outlets to reduce the risks of contamination occurring in our premises, including the usage of appropriate apparels in our food preparation areas, providing food cleanliness and safety training to our staff and routine preventive cleaning in our outlets as well as purchase our raw materials from reputable suppliers to ensure the quality of our raw materials, there can be no assurance that our steps to prevent/mitigate such risks will be sufficient to prevent any potential contamination.

(ii) Availability, quality and price fluctuations of food ingredients

We rely on various suppliers to source for food ingredients that meet our quality requirements. Fluctuation in prices and/or disruptions in supply of these food ingredients will have an impact on our business operations. Whilst we have carefully selected and maintained long term relationships with our suppliers and our business has been able to absorb fluctuation in prices and difficulties in supply in certain food ingredients, via careful stock planning and pricing strategies, there can be no assurance that our business and/or efforts will be sufficiently strong to mitigate fluctuations in food prices in the future.

6.3 Risks relating to the Rights Issue with Warrants

(i) Investment and capital market risk

The Rights Issue with Warrants comprises a new class of securities to be issued by our Company for which there is no prior market and is subject to price discovery by investors. There can be no assurance that an active market for the Rights RPS will develop upon or subsequent to their listing on the Main Market of Bursa Securities or, if developed, that such market is sustainable or adequately liquid during the tenure of the Rights RPS.

The market price of the Rights RPS and Warrants, like all listed securities traded on Bursa Securities, is subject to fluctuations and will be influenced by, amongst others, the prevailing market sentiments, the liquidity of the Rights RPS and Warrants, the volatility of our Shares and corporate developments and future financial performance of our Group. The fundamentals of our Group, the future price performance of the Rights RPS and Warrants also depends on various external factors such as economic and political conditions of the country, sentiments and liquidity in the local stock market as well as the performance of regional and world bourses.

As each Rights RPS will be issued at RM1.00, there can be no assurance that the market price of the Rights RPS, upon or subsequent to its listing, will remain at or above the issue price, or that the Rights RPS can be disposed of at above the issue price. In addition, there can be no assurance that the exercise price of the Warrants will be less than the prevailing market price of our Shares during the tenure of the Warrants. There can also be no assurance that the Warrants will be 'in-the-money' during its tenure.

(ii) Failure or delay in the completion of the Rights Issue with Warrants

The Rights Issue with Warrants is exposed to risk that it may be terminated or delayed in the event of a material adverse change of events or circumstances (such as force majeure events including without limitation, acts of government, natural disasters including without limitation the occurrence of a tsunami and/or earthquakes, acts of terrorism, strikes, national disorder, declaration of a state of war or accidents, or any change in law, regulation, policy or ruling), which is beyond the control of our Group and the Principal Adviser, arising prior to the completion of the Rights Issue with Warrants.

There can be no assurance that the abovementioned factors or events will not cause a failure or delay in the completion of the Rights Issue with Warrants.

Where prior to the issuance and allotment of the Rights RPS,

- (i) the SC issues a stop order, all applications shall be deemed to be withdrawn and cancelled and all monies paid in respect of the applications of the Rights RPS shall be refunded free of interest within 14 days to the Entitled Shareholders. Monies not paid within 14 days will be returned with interest at the rate of 10% per annum or at such other rates as may be prescribed by the SC; or
- (ii) the Rights Issue with Warrants is terminated other than pursuant to a stop order by the SC, investors will not receive any RPS and all monies paid in respect of all applications for the Rights RPS will be refunded free of interest.

Where subsequent to the issuance and allotment of the Rights RPS but before the listing of the Rights RPS,

- (a) the SC issues a stop order, any issue of the Rights RPS shall be deemed to be void and all monies received from the applicants shall be forthwith repaid and if such money is not repaid within 14 days of the date of the stop order, our Company shall be liable to return such monies with interest at the rate of 10% per annum or at such other rates as may be prescribed by the SC; or
- (b) the Rights Issue with Warrants is aborted/terminated other than pursuant to a stop order by the SC, a return of monies to all holders of the Rights RPS could only be achieved by way of cancellation of the share capital as provided under the Act and its related rules. Such cancellation requires the sanction of our shareholders by special resolution in a general meeting, consent by our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya. There can be no assurance that such monies can be returned within a short period of time or at all in such circumstances.

7. INDUSTRY OVERVIEW AND PROSPECTS

The following industry overview and prospects are extracted from the IMR Report. The profile of the IMR is as follows:-

Profile of PROVIDENCE

PROVIDENCE is an independent research and consulting firm based in Petaling Jaya, Selangor, Malaysia. Since their inception in 2017, PROVIDENCE has been involved in the preparation of independent market research reports for capital market exercises. PROVIDENCE's reports aim to provide an independent assessment of industry dynamics, encompassing aspects such as industry performance, demand and supply conditions and competitive landscape.

Profile of IMR Report signee, Elizabeth Dhoss

Elizabeth Dhoss is the Executive Director of PROVIDENCE. She has more than 10 years of experience in market research for capital market exercises. She holds a Bachelor of Business Administration from University of Malaya.

7.1 Overview and outlook of the global economy

At the October World Economic Outlook, the International Monetary Fund ("IMF") revised up its projection of global growth in 2020 to -4.4% (June projection: -4.9%). This was primarily due to better-than-expected growth outturns, particularly in advanced economies, where labour markets recovered more quickly than expected. For 2021, the IMF projects the global economy to grow by 5.2%, although this outlook is highly conditional on progress in the resolution of the pandemic.

The recent resurgence in COVID-19 cases across some advanced and emerging economies therefore poses a downside to the outlook. Some major economies have already begun to reinstate containment measures and delay plans to reopen. This will dampen growth prospects in the fourth quarter of 2020 and recovery momentum heading into 2021. Although the more recent containment measures have not been imposed to the same degree observed in the second quarter of 2020, higher risk aversion will suppress private sector demand and weigh on growth.

(Source: Economic and Financial Developments in the Malaysian Economy in the Third Quarter of 2020)

7.2 Overview and outlook of the Malaysian economy

In the third quarter of 2020, the Malaysian economy improved markedly following the gradual lifting of nationwide containment measures, as well as support from better external demand conditions. In line with the reopening of the economy from earlier COVID-19 containment measures and improving external demand conditions, the Malaysian economy recorded a smaller contraction of 2.7% in the third quarter of 2020 (2Q 2020: -17.1%). Improvements in growth were seen across most economic sectors, particularly in the manufacturing sector.

Growth in the manufacturing sector rebounded to 3.3% in 3Q 2020 (2Q 2020: -18.3%), supported by a broad-based improvement across all the major manufacturing clusters. In the electrical & electronic cluster, growth rebounded strongly as production increased to fulfil order backlogs from the previous quarter as well as to cater for front-loading activities amid concerns of rising trade tensions. Growth in the consumer-related cluster also turned positive as Government measures, such as the exemption of export duties and car sales tax, supported the production of refined palm oil and passenger motor vehicles respectively. Meanwhile, the turnaround in the primary-related cluster was driven mainly by strong

demand for rubber and pharmaceutical products. Although manufacturing activity in the construction related cluster continued to record negative growth, the contraction eased as construction activities resumed after the MCO period.

Activity in the services sector recovered substantially, with growth recording a smaller contraction of 4.0% in 3Q 2020 (2Q 2020: -16.2%). The wholesale and retail trade subsector showed a marked improvement, with accelerated sales in the motor vehicles segment following the Sales and Services Tax exemptions, as well as better performance of the retail trade segment, supported by higher demand for necessities. The recovery, however, was weighed down by subdued spending on non-essential retail goods, such as durable goods and recreational activities. In addition, tourism activity remained weak due to continued closure of international borders, affecting key sub-sectors such as food and beverage and accommodation, as well as transport and storage. Nevertheless, relaxation on movement restrictions enabled resumption of domestic travel activity, and facilitated an incipient restoration of activity in these sub-sectors.

Activity in the construction sector improved, contracting by a smaller rate of 12.4% in 3Q 2020 (2Q 2020: -44.5%). Activity resumed across all sub-sectors supported by on-going large transportation projects in the civil engineering sub-sector and affordable housing projects in the residential sub-sector. The agriculture sector recorded a contraction of 0.7% in 3Q 2020 (2Q 2020: 1.0%), mainly due to the slower growth in the oil palm sub-sector amid labour shortages, which affected harvesting activities during the quarter. This more than offset the recovery in the aquaculture, livestock and other agriculture sub-sectors as demand gradually recovered.

The recent resurgence of COVID-19 cases and targeted containment measures in most states could affect the momentum of the recovery in the final quarter of the year. However, as most economic sectors have been allowed to continue to operate, subject to sectoral standard operating procedures, the impact is unlikely to be as severe as the containment measures during previous periods.

Going into 2021, growth is expected to improve further, benefitting from the recovery in global demand and spillovers onto the domestic sectors, continued policy support including the recent KITA PRIHATIN and 2021 Budget measures, as well as higher production from existing and new facilities. However, the pace of recovery will be uneven across sectors with some industries expected to remain below pre-pandemic levels, and a slower improvement in the labour market.

The balance of risks is tilted to the downside, emanating mainly from ongoing uncertainties surrounding COVID-19 globally and domestically. However, the economy could benefit from a larger-than-expected positive impact from various policy measures, and better-than-expected recovery in global economy.

(Source: Economic and Financial Developments in the Malaysian Economy in the Third Quarter of 2020)

7.3 Overview and outlook of the capital market in Malaysia

The IMF in its October 2020 World Economic Outlook report revised its global economic growth projection for 2020 to -4.4%, a less severe contraction than its June 2020 forecast of -4.9%. The revision reflects a better-than anticipated second quarter global gross domestic product ("GDP") being registered, mostly in advanced economies, where activity began to improve sooner than expected after lockdowns were scaled back in May and June 2020, as well as indicators of a stronger recovery in the third quarter 2020. The IMF and the World Bank have also revised Malaysia's GDP growth for 2020 to -6.0% and between -4.9% to -6.1% from earlier projections in June 2020 of -3.8% and -3.1% respectively. Bank Negara Malaysia in its August 2020 report revised its projection for Malaysia's GDP growth for 2020

of between -3.5% to -5.5% from its earlier projection of between -2.0% to 0.5% as the Malaysian economy contracted by 17.1% in 2Q 2020, reflecting the unprecedented impact of the stringent containment measures implemented to control the COVID-19 pandemic globally and domestically.

The Securities Market continued to register an uptrend in investor participation, with average daily trading value ("**ADV**") for On-Market Trades ("**OMT**") growing by 52% to RM5.7 billion in 3Q 2020 compared to RM3.8 billion in 2Q 2020, largely driven by heightened activity in the month of August 2020 which registered a record monthly ADV-OMT. Going forward, domestic and global events such as the development of the COVID-19 vaccine and the third wave of COVID-19 in Malaysia, the Budget 2021, corporate earnings performances as well as global and local economic recovery post COVID-19 will continue to influence the volatility and performance of the equities market.

In the Derivatives Market, the average daily contracts for 3Q 2020 saw an increase by 2.4% to 69,395 contracts traded compared to 67,748 contracts traded in 2Q 2020 mainly from higher number of Crude Palm Oil Futures (FCPO) contracts traded. The developments in the crude palm oil ("**CPO**") market such as the increase in palm oil exports, the weather affecting CPO production, the labour shortages and the negative perception of palm oil in Europe, continued to influence the performance of the derivatives market.

As for the Islamic Capital Market, trading activities through Bursa Malaysia-*i* platform saw an increase in 3Q 2020 compared to 2Q 2020. This is in line with the higher trading activities in the overall Securities Market and conversion of trading by the institutional investors on to Bursa Malaysia-*i*. Bursa Suq Al-Sila' ("**BSAS**") trades saw a marginal increase by 3.8% to RM31.5 billion in 3Q 2020 compared to RM30.3 billion in 3Q 2019, supported by higher foreign trades. Bursa Securities ("**the Exchange**") expects to sustain BSAS trading activities in the fourth quarter of 2020 from increased contributions from the foreign participants.

To maintain and support investors confidence and a fair and orderly market, the Exchange and the SC have extended the temporary margin flexibilities to 31 December 2020 from 30 September 2020. In the Derivatives Market front, the Exchange has relaunched the 5-Year Malaysian Government Securities ("**MGS**") Future contracts (FMG5) with a revised settlement methodology that is aimed to improve market accessibility and liquidity in the marketplace. The Exchange will continue to promote products through virtual platforms and maintain continuous engagements with the industry despite the ongoing COVID-19 pandemic. The Exchange will also continue to further develop the marketplace and improve the effectiveness and accessibility of its services through emerging technological innovations.

Investor sentiments improved in November 2020, due mainly to positive global developments. These include an improved economic outlook amid greater clarity on the direction of US policies following the end of the US Presidential Election, and positive development surrounding the approval and deployment of COVID-19 vaccines. As a result, global equity indices recorded broad-based gains, including recoveries across sectors affected by the pandemic. Amidst this background, the Financial Times Stock Exchange (FTSE) Bursa Malaysia KLCI Index - Kuala Lumpur Composite Index (FBM KLCI) increased by 6.5% during November 2020 (October 2020: -2.5%). The improved risk appetite also led to continued non-resident inflows to the domestic bond market following yield-seeking activities by investors, which contributed to an appreciation of the RM against the USD by 2.2%. While the government bond market remained supported by these inflows, uncertainties surrounding the parliament voting of Budget 2021 led to marginally higher yield in the 10-year MGS towards the end of November 2020.

(Source: IMR Report)

7.4 Overview and outlook of the capital market in Singapore

Despite the challenging global economic conditions, the Singapore Exchange Limited ("**SGX**") attracted 11 new listings in 2020 and raised combined proceeds of SGD1.4 billion. The number of mainboard listings increased from 4 in 2019 to 5 in 2020. All 4 of SGX's mainboard listings in 2019 were from the Real Estate Investment Trust ("**REIT**") sector. In 2020, SGX attracted 3 new listings from the Communication Services, Financials and Materials sectors on its mainboard, in addition to 2 REIT listings, thereby demonstrating its ability to attract growing companies to list in Singapore despite the volatile economic conditions. SGX continues to position itself as an international stock exchange as it continues to attract foreign-based companies to list in Singapore, with 7 of the newly-listed companies having majority of their operations outside of Singapore.

The number of follow-on deals decreased from 35 in 2019 to 25 in 2020. However, funds raised through follow-on deals increased from USD5.1 billion in 2019 to USD9.6 billion in 2020, due to fund raising via rights issuance which were undertaken by Singapore Airlines Ltd and SembCorp Marine Ltd.

In Q4 2020, the Straits Times Index recovered from the equity market downturn during the first half of the year in Singapore. This is largely due to optimism following the success of the COVID-19 vaccine results and rising hope of global economic recovery. The local Straits Times Index trended closely with global recovery trend in the last quarter of 2020. Singapore's initial public offering market also saw 4 new entrants in Q4 2020, which further signify a positive outlook for 2021.

During 2020, the performances of newly-listed companies were above expectations despite the uncertainties in the market. The first day closing for 9 of the newly listed companies were above their initial public offering price, with only 2 below their initial public offering price. As of 18 December 2020, 7 of the newly listed companies traded above their initial public offering price, 2 traded at the initial public offering price and 2 traded below their offer price.

The year 2020 has been an eventful year for Singapore's equity market. While there are signs of stabilisation, some uncertainty remains with several markets facing new waves of COVID-19. In light of the pandemic, sectors such as technology and healthcare have come to the fore and have been areas of growth in 2020. In 2021, technology, healthcare, REITS and business trusts are anticipated to continue being the drivers for Singapore's equity market.

(Source: IMR Report)

7.5 Overview and outlook of the capital market in Australia

The Australian Securities Exchange ("**ASX**") is an integrated exchange offering listings, trading, clearing, settlement, technical and information services, and other post-trade services. The ASX operates markets for a wide range of asset classes including equities, fixed income, commodities and energy.

During the COVID-19 pandemic, the ASX recorded trading volumes and volatility levels. Among the achievements in 2020 are as follows:-

- 113 new entities listed, compared to 94 in 2019. The total capital raised in 2020 totaled AUD107.1 billion, compared to the AUD66.3 billion raised in 2019;
- The average daily number of trades was 1,725,560 (8% higher than in 2019), and the average daily value traded on-market was AUD6.5 billion (34% higher than in 2019);
- The average daily futures and options on the futures volume was 606,033 (14% lower than in 2019);
- During March 2020, the S&P/ASX 200 recorded 8 of its 10 biggest intraday moves since its launch in 2000, with the largest being 13.7% on 13 March 2020;

- Equities trading volumes also peaked on 13 March 2020, when 5.18 million trades transacted through ASX, double the previous pre-COVID-19 daily record set in August 2019;
- Futures volumes set a new high in March 2020, exceeding the previous monthly record set in March 2019 by 11%;
- AUD169 billion worth of bonds were settled in the Austraclear (the ASX's clearing and settlement facility) on 20 March 2020, surpassing the previous pre-COVID-19 record set on 15 March 2019 by 29%; and
- February 2020 saw a new monthly record of 11,327 market announcements; more than 4,000 were price sensitive.

(Source: IMR Report)

7.6 Overview and outlook of the financing market in Malaysia

The OPR was reduced by a cumulative 125 basis points on four occasions in 2020. This brought the OPR to the current level of 1.75%. The OPR reduction of 25 basis points in January 2020 was a pre-emptive measure to sustain growth amid price stability. At that point in time, although the global economy was expected to continue expanding, the OPR was reduced due to the uncertainty surrounding trade negotiations, geopolitical tensions, and heightened volatility in financial markets which posed downside risks to the market outlook. There were also downside risks to the domestic economy emanating from domestic factors that included weakness in the commodities sector and delays in the implementation of projects. As the COVID-19 outbreak evolved into a global pandemic, measures taken to contain the pandemic had a significant impact on both global and domestic economic activity. The OPR adjustments in March and May 2020, by 25 basis points and 50 basis points, respectively, were intended to cushion the economic impact of the COVID-19 pandemic on businesses and households.

In the third quarter of 2020, net financing expanded by 4.6% on an annual basis (2Q 2020: 3.7%). Outstanding loan growth increased during the quarter (4.7%; 2Q 2020: 4.1%), supported mainly by household loans. Outstanding corporate bond growth (4.3%; 2Q 2020: 2.5%) also increased during the quarter due to large issuances from government-related entities. Growth in outstanding household loans increased by 5.6% in 3Q 2020 (2Q 2020: 3.7%), driven by higher loans for the purchase of passenger cars for personal use. Disbursements of household loans rebounded strongly during the quarter (RM99.1 billion; 2Q 2020: RM57.3 billion), with broad-based improvements across all loan purposes as loan demand rose amid the economic stimulus measures, and recovery in economic conditions under the recovery MCO. The new loans disbursed translated to some pick-up in loan repayments during the quarter, together with a gradual resumption in instalment payments by more borrowers voluntarily opting out of the automatic moratorium. This resulted in the repayment level in September 2020 reaching 72% of the level in March 2020.

Meanwhile, outstanding business loans registered modest growth during the quarter (2.9%, 2Q 2020: 3.9%), due to slower loans disbursed for working capital purposes. As business activities resumed under the recovery MCO, improving cash flow conditions led to lower demand for working capital loans. However, loan disbursements for investment-related purposes saw a recovery during the quarter, supported particularly by loans for the purchase of non-residential properties and large-value loans for the purchase of fixed assets. Loan repayments normalised from the subdued level in the previous quarter (RM285.2 billion, 2Q 2020: RM255.3 billion), but remained below historical trend (3Q 2019: RM314.9 billion).

Further in November 2020, net financing growth was sustained at 4.5% (October 2020: 4.5%). Total outstanding loan growth moderated (3.8%; October 2020: 4.3%) while outstanding corporate bond growth increased (6.7%; October 2020: 5.0%) due to two large issuances in the finance, insurance and real estates and business services sector.

Outstanding business loan growth moderated further (1.2%; October 2020: 2.5%) as repayments continued to increase. Loan disbursements to businesses were broadly sustained at RM60.9 billion (October 2020: RM62.0 billion). Meanwhile, outstanding household loan growth grew by 5.0% (October 2020: 5.1%) as disbursements sustained and remained higher than the historical average at RM29.7 billion (2017–2019 average: RM27.8 billion).

(Source: IMR Report)

7.7 Overview and outlook of the electronics manufacturing services industry in Malaysia

The world semiconductor market is expected to be up by 5.1% to reach USD433 billion in 2020. This reflects expected growth in all major product categories, except optoelectronics and discrete semiconductors. The largest growth contributors are memory (12.2%), followed by sensors (7.4%). In 2020, Americas and Asia Pacific regions are expected to have witnessed growth.

Worldwide sales of semiconductors totalled USD113.6 billion during the third quarter of 2020, an increase of 11.0% over the previous quarter and 5.8% more than the third quarter of 2019. Global sales for the month of September 2020 were USD37.9 billion, an increase of 4.5% over the previous month's total and 5.8% more than sales from September 2019. Worldwide sales of semiconductors reached USD39.4 billion for the month of November 2020, an increase of 7.0% compared to the November 2019 total of USD36.9 billion and 1.1% more than the October 2020 total of USD39.0 billion.

Global sales of semiconductors continued to rise in November 2020, increasing on a year-to-year basis by the highest percentage since March 2020. Annual sales in 2020 are tracking well ahead of the total from 2019, despite substantial headwinds caused by the pandemic and other macroeconomic factors. Sales into the Americas remained strong in November 2020, increasing year-to-year by a double-digit percentage for the eleventh consecutive month. The semiconductor market overall is not that negatively impacted by the COVID-19 pandemic as originally expected earlier in the year 2020.

Regionally, sales increased on a year-to-year basis in the Americas (12.5%), China (6.5%), Asia Pacific/all other (6.5%), and Japan (5.1%), but decreased slightly in Europe (-0.7%). On a month-to-month basis, sales increased in Japan (5.2%), Europe (3.6%), the Americas (2.1%), and China (0.1%), but ticked down in Asia Pacific/all other (-0.5%).

For 2021, the global semiconductor market is projected to grow by 8.4%, driven by double-digit growth of the memory and optoelectronic product categories. All other product categories are also expected to show positive growth rates. All regions are expected to grow in 2021.

Semiconductor integrated circuits are technology enablers for electrical and electronic products ("E&E") used in various industries including consumer electronics, information and communications technology, automotive, medical and manufacturing industries. Electronic product companies are ultimately the customers of the semiconductor industry players and examples of these companies include mobile and wireless device companies, automobile manufacturers, as well as other consumer electronic product manufacturers.

The performance of the electronics manufacturing services industry in Malaysia, based on the manufacturing sales value of selected E&E products produced, rose from RM176.5 billion in 2015 to RM255.6 billion in 2019 at a CAGR of 9.7%. In 2019, the manufacture of diodes, transistors and similar semiconductor devices; and electronic integrated circuit micro assemblies formed the largest E&E segment and comprised 43.4%, followed by the manufacture of electrical capacitors, resistors, printed circuit boards and display components

(31.3%) and the manufacture of computers and peripheral equipment (15.0%). The manufacture of electrical capacitors, resistors, printed circuit boards and display components witnessed the highest CAGR of 16.5% between 2015 and 2019, followed by the manufacture of diodes, transistors and similar semiconductor devices; and electronic integrated circuit micro assemblies (12.1%) and other components for electronic appliances (11.7%).

For the period of January to September 2020, the manufacturing sales value of selected E&E products was RM184.1 billion, compared to the RM181.3 billion achieved in the corresponding period of 2019. During this period, the manufacture of diodes, transistors and similar semiconductor devices; and electronic integrated circuit micro assemblies accounted for RM107.8 billion (9M2019: RM105.0 billion), the manufacture of electrical capacitors, resistors, printed circuit boards and display components accounted for RM70.7 billion (9M2019: RM71.8 billion) and the manufacture of computers and peripheral equipment accounted for RM5.6 billion (9M2019: RM4.4 billion).

(Source: IMR Report)

7.8 Overview and outlook of the car rental industry in Malaysia

Mobility is a current megatrend and car rental companies are key mobility solution providers. Mobility will continue to shape society over the foreseeable future. The car rental segment is a significant component of the transportation industry, which correlates to various factors such as an increase in the number of air travellers for leisure, insurance replacement and business users.

The sales value of car rentals in Malaysia increased from RM460.9 million in 2015 to RM601.5 million in 2019 at a CAGR of 6.9%. Consumers primarily rent cars for leisure and business purposes. Car rentals for leisure purposes formed the largest segment (approximately 62.8% in 2019) and recorded the highest CAGR of 9.2% for the period 2015 to 2019. In comparison, car rentals for business purposes recorded a CAGR 3.6% during the same period. The higher historical growth rate of car rentals for leisure purposes was supported by Malaysia's growth in tourist arrivals. Despite the lower tourism performance in 2020, PROVIDENCE projects the sales value of car rentals to increase from RM601.5 million in 2019 to RM716.2 million in 2024 at a CAGR of 3.5%.

Malaysia registered 4.3 million tourist arrivals in the first half of 2020, marking a decrease of 68.2% compared to the same period in 2019. In 2019, Malaysia received over 13.3 million tourist arrivals from January 2019 until June 2019. For the first six months of 2020, tourist expenditure was recorded at RM12.5 billion, a decrease of 69.8% compared to the RM41.6 billion received for the same period in 2019. Similarly, the per capita expenditure showed a decline of 5.3% from RM3,121.60 in the first half of 2019 to RM2,956.10 in the first half of 2020.

The significant drop in the number of tourists and excursionists is attributed to the closure of international borders in response to the spread of the COVID-19 virus. After the World Health Organisation (WHO)'s declaration of COVID-19 as a pandemic on 11 March 2020, the Government imposed the MCO, barring entry of international tourists beginning 18 March 2020.

The Visit Malaysia 2020 campaign was aborted in view of the COVID-19 pandemic and MCO imposed on 18 March 2020. The Government subsequently announced that the domestic tourism sector would resume operations commencing 10 June 2020 to help the country accelerate its economic recovery phase. The move is timely as the tourism sector can help the country accelerate the economic recovery phase. This is because the tourism sector involves other sub-sectors of the economy such as hospitality (hotels and other types of tourist accommodation), transport, restaurant operators and tourist guides. However, at the same time, these activities need to be carried out with responsibility while practising the

new normal and strictly adhering to all standard operating procedures (SOPs) set by the National Security Council and the Ministry of Health. This move is expected to increase consumer demand, especially in the transport and food sectors, while helping small and medium-sized industry operators who had been adversely affected by the COVID-19 outbreak.

With the re-opening of the economy, the Government also announced the lifting of seating limitations in private vehicles, with the number of passengers allowed subject to the vehicle capacity. The ease of restrictions is intended to help the country revive the economy, while striking a balance in fighting COVID-19. Collectively, these initiatives have contributed to supporting domestic tourism.

Further in December 2020, the Government launched a 10-year National Tourism Policy (2020-2030) to restart and transform the nation's tourism industry by harnessing public-private partnerships and embracing digitalisation to drive innovation and competitiveness towards sustainable and inclusive development.

The United Nations World Tourism Organization ("UNWTO") conducted a global survey among its UNWTO panel of tourism experts on the impact of COVID-19 on tourism and the expected time of recovery. The survey was conducted during the first week of October 2020. According to UNWTO, a majority of experts sees a rebound in international tourism in 2021, in particular by the third quarter 2021, while around 20% expects it to occur only in 2022. These experts consider travel restrictions as the main barrier weighing on the recovery of international tourism, along with slow virus containment and low consumer confidence. Most experts do not see a return to pre-pandemic 2019 levels happening before 2023. Domestic tourism is driving the recovery of several destinations but in most cases only partially, as it is not compensating for the drop in international demand. Respondents from Asia and the Pacific were the most positive regarding the contribution of domestic tourism to the recovery of destinations.

In the outlook beyond 2020, international arrivals are expected to rebound in 2021, based on the assumption of a gradual reversal of the pandemic, the roll out of a COVID-19 vaccine, significant improvement in travellers' confidence and major lifting of travel restrictions by the middle of 2021. The expected rebound is also a consequence of the large pent-up demand after months of closed borders and travel bans. The rebound is expected to continue in 2022 as travel conditions normalise and the pandemic is contained globally. However, UNWTO's experts anticipate that international tourism could still take 2.5 to 4 years to return to 2019 levels.

The longer term recovery of Malaysia's travel and tourism industry will bode well in supporting the demand for car rental services. The longer term outlook of the car rental industry, upon easing of travel restrictions, is expected to be positive as resumption in travel and tourism encouraged by the return of economic stability will help the car rental industry recover.

(Source: IMR Report)

7.9 Overview and outlook of the property industry in Malaysia

In consonant with the Malaysian economic performance, which contracted by 17.1% in Q2 2020 (Q1 2020: 0.7%), the property market performance recorded a sharp decline in the first half of 2020 (H1 2020) compared to the first half of 2019 (H1 2019). A total of 115,476 transactions worth RM46.94 billion were recorded, showing a decrease of 27.9% in volume and 31.5% in value compared to H1 2019, which recorded 160,165 transactions worth RM68.53 billion. The residential sub-sector led the overall property market, with 65.2% contribution. This was followed by agriculture sub-sector (20.1%), commercial (7.0%), development land and others (5.9%) and Industrial (1.7%). In terms of transaction

value, residential took the lead with 54.6% share, followed by commercial (18.1%), industrial (11.5%), agriculture (8.8%) and development land and others (7.0%). Volume of transactions across the sub-sectors contracted sharply in H1 2020. The residential, commercial, industrial, agriculture and development land sub-sectors recorded contraction of 24.6%, 37.4%, 36.9%, 32.8% and 28.6% respectively. Value of transactions moved in tandem with residential, commercial, industrial, agriculture and development land sub-sectors recorded contraction of 26.1%, 33.2%, 23.0%, 39.1% and 55.3% respectively.

On the demand-side, the amount of loan application and total loan approval for the purchase of residential property in H1 2020 decreased by 24.1% and 39.1% respectively. For the non-residential property, the amount of loan application and total loan approval saw similar pattern, decreased by 36.3% and 46.9% respectively. The ratio of loans approvals against loans applications for the purchase of residential property and non-residential property stood at 34.1% and 33.0% respectively in H1 2020 as against 42.4% and 39.6% in H1 2019.

According to Bank Negara Malaysia, the Malaysian economy is expected to recover gradually in H2 2020 as the economy progressively re-opens and external demand improves, with gross domestic product projecting to grow within the range of -3.5% to -5.5% in 2020 and 5.5% to 8.0% in 2021. With the resuming of economic activities since early May 2020, property market activities recorded in the months of May and June 2020 saw a turnaround.

In the third quarter of 2020, a total of 89,245 transactions worth RM33.8 billion were recorded, showing an increase of 7.4% in volume but a -2.4% decrease in value compared to Q3 2019, which recorded 83,085 transactions worth RM34.6 billion. In terms of transaction value, the residential sub-sector led the overall property market, with 57.4% contribution. This was followed by commercial sub-sector (14.5%), agricultural (11.5%), industrial (10.7%) and agricultural land (5.9%).

To stimulate Malaysia's economy and mitigate the impact of COVID-19 and the MCO, the Government introduced the Prihatin Rakyat Economic Stimulus Package or PRIHATIN. The financial initiatives introduced by the Government which have helped soften the impact on the property market include:-

- (i) An automatic six-month loan moratorium for individual borrowers and small medium enterprises from 1 April 2020 ending on 30 September 2020.
- (ii) The OPR cut with a cumulative 125 basis points would help lower the borrowing cost; thus, lower the monthly repayment amount.

Further assistance from the Government, initiated under a new short-term Economic Recovery Plan or PENJANA, proposed a recovery plan related to property which includes:-

- (1) Reintroduction of Home Ownership Campaign – Stamp duty exemption on the instruments of transfer and loan agreement for the purchase of residential homes priced between RM300,000 to RM2.5 million subject to at least 10% discounts provided by the developer. The exemption on the instrument of transfer is limited to the first RM 1 million of the home price while full stamp duty exemption is given on loan agreement effective for sales and purchase agreements signed between 1st June 2020 and 31st May 2021.
- (2) Real Property Gains Tax exemption for disposal of residential homes from 1st June 2020 to 31st December 2021 (This exemption is limited to the disposal of three units of residential homes per individual)
- (3) The uplifting of the current 70% margin of financing limit applicable for the third housing loan onwards for property valued at RM600,000 and above, during the period of the Home Ownership Campaign, subject to internal risk management practices of financial institutions.

Notwithstanding the upturn of market activity and the proposed measures under PENJANA, the property market is more than likely to remain soft for the rest of the second half 2020. The pace of improvement, will be depend on both domestic and external factors such as political stability, global oil and commodity prices as well as the COVID-19 pandemic development.

Under Budget 2021, several initiatives were announced to support the nation's property sector. These include the introduction of the following:-

- (1) Full stamp duty exemption on Memorandum of Transfer and loan agreement for the first home priced below RM500,000. This is applicable for agreements inked from January 2021 to December 2025;
- (2) The stamp duty exemption on loan agreement and Memorandum of Transfer given to rescue contractors and original buyers of abandoned houses will be extended for another five years. This exemption is applicable for the loan agreements and Memorandum of Transfer executed from January 2021 to December 2025 for abandoned housing projects certified by the Ministry of Housing and Local Government;
- (3) RM1.2 billion provision for the construction of comfortable and quality housing for low-income earners comprising RM500 million to build 14,000 housing units under People's Housing Project; RM315 million for 3,000 units of Rumah Mesra Rakyat built by Syarikat Perumahan Negara Bhd; RM125 million for maintenance of low and medium-low cost strata-housing and also for upgrading of old houses and those damaged by natural disasters; and RM310 million for Malaysia Civil Servants Housing Programme; and
- (4) Government to cooperate with selected financial institutions to provide a Rent-to-Own scheme. This programme will be implemented until 2022 involving 5,000 PR1MA houses with a total value of more than RM1 billion and reserved for first-time homebuyers.

The outlook for the property sector in Malaysia is likely to remain neutral in 2021 given the cautious sentiment following the COVID-19 pandemic. However, there is also an anticipated increase in investment activity given the current conducive environment with the Real Property Gains Tax exemption and the cumulative reduction of the OPR to a historical low of 1.75% which would reduce effective interest rates for home loans, depending on the loan amount.

(Source: IMR Report)

7.10 Overview and outlook of the retail fashion industry in Malaysia

The luxury apparel, footwear and accessories segment is typically perceived by consumers to exude exclusivity, status and prestige. Luxury handbag brands typically market their products at premium prices. The retail sales value of designer apparel and footwear in Malaysia rose from RM1.8 billion in 2015 to RM2.7 billion in 2019 at a CAGR of 10.0%. PROVIDENCE projects the retail sales value of designer apparel and footwear to increase from RM2.7 billion in 2019 to RM3.7 million in 2024 at a CAGR of 6.6%.

Consumers with strong purchasing power usually live in urban areas with good access to premium shopping districts in the Klang Valley. Therefore, designer apparel and footwear brands are mainly sold through stores in shopping malls such as Pavilion Kuala Lumpur, Suria KLCC and The Gardens Mall.

The imposition of the MCO starting 18 March 2020 affected retail businesses as the stay-at-home order prevented consumers from spending. Retailers in tourism-related sectors were already experiencing declining sales even before the MCO, as the COVID-19 pandemic slowed

down tourist figures even before the Government closed Malaysia's borders. Businesses that were most impacted by the imposition of the MCO were non-essential retailers.

Spending habits also changed after the MCO was implemented. People began saving more amid more uncertainty over job security and income, and have instead been purchasing primarily essential goods like groceries, household supplies and even health supplements. Foot traffic to most physical stores reduced significantly and non-essential businesses were ordered to cease operations during the MCO.

Malaysia's adoption of digital tools has accelerated faster than expected arising from the COVID-19 pandemic. Online shopping has grown among new demographic groups, consumers' use of contactless payments has risen dramatically, and brands are increasingly connecting with consumers via interactive and virtual shopping experiences. As businesses focus on navigating their organisations forward across uncertain time horizons of regeneration, technology will continue to play a critical role in the changing consumer dynamics

The COVID-19 pandemic has changed the electronic commerce ("e-commerce") landscape around the world. Amid the economic gloom, e-commerce has emerged as one of the biggest beneficiaries of the globe-wide lockdowns that have been imposed since early 2020. Online shopping is now the new norm and an increasing number of small and/or traditional businesses have gone or are going digital, either on their own or with government support and the assistance of technology-enabled companies.

For the third quarter of 2020, the Malaysian retail industry recorded a poorer-than-expected growth rate of -9.7%, compared to the same period in 2019. With strict social distancing measures enforced during 2020, shopping centres and retailers were not be able to operate at full capacity, compared to the pre-COVID-19 period. Although almost all retail sectors were allowed to open for business in 3Q 2020, Malaysian consumers were still wary of the spread of the virus.

For the first nine months of 2020, retail sales growth rate was -18.4% compared to the corresponding period in 2019. For 3Q 2020, the Malaysian economy reported a smaller contraction of 2.7%, compared to -9.7% contraction for retail sales. All retail sub-sectors, except for other specialty retail stores, reported another quarter of declining sales in 3Q 2020. The department store-cum-supermarket sub-sector recorded a negative growth rate of 6.2% for 3Q 2020. The department store sub-sector reported similarly declined at rate of -17.7% in 3Q 2020. For 3Q 2020, retail sales of the supermarket and hypermarket sub-sector dropped by 15.1%. Meanwhile, the growth rate of the fashion and fashion accessories sub-sector slowed down by 12.5% in 3Q 2020. For the 3Q 2020, the pharmacy and personal care sub-sector recorded another negative growth rate, at -11.1%, compared to the same quarter a year ago.

Taking this into consideration, the retail industry is expected to witness a negative growth rate of -15.8% in 2020. However, a longer term recovery is expected for the retail industry with retail sales projected to grow by 4.9% in 2021.

(Source: IMR Report)

7.11 Overview and outlook of the food and beverage industry in Malaysia

The overall food and beverage segment industry in Malaysia, depicted by food service sales value, grew from RM34.8 billion in 2015 to RM46.6 billion in 2019, registering a CAGR of 7.6%. As a subset of the overall food and beverage industry, casual dining accounted for 38.4% of the total industry size in 2019. The casual dining segment grew at a CAGR of 12.2% between 2015 and 2019, as food service sales value rose from RM11.3 billion to RM17.9 billion. The total number of casual dining food and beverage establishments in

Malaysia increased from 7,050 outlets to 9,614 outlets between 2015 and 2019. Casual dining outlets account for a significant share of the total food and beverage outlets, comprising 25.4% of total consumer food service outlets in 2019. The growth in the food and beverage industry in Malaysia, particularly the casual dining segment, is anticipated to be mainly driven by increasing disposable income, evolving food and beverage trends and increasing number of shopping malls in the country. PROVIDENCE projects food service sales value to increase from RM46.6 billion in 2019 to RM63.0 billion in 2024 at a CAGR of 6.2%.

Arising from the COVID-19 pandemic, many food and beverage companies were faced with disruptions in their supply chains and the need to go digital almost instantly. The COVID-19 pandemic also resulted in significantly reduced consumption especially during the initial MCO phase. While at-home consumption has increased, out-of-home consumption, which historically generates the higher margin, has been affected.

As the Government began easing more restrictions, many restaurateurs have started to see a glimmer of hope with more people slowly gaining back their confidence to dine out. As part of efforts to revitalise businesses in the retail and food and beverage sub-sectors in the wake of the COVID-19 pandemic, the Malaysia Productivity Corporation ("**MPC**") is collaborating with the Retail and Food and Beverage Productivity Nexus (RFBPN) to provide business advisories and consultations through retail and food and beverage retail advisory clinics ("**RFB-VAC**") that are being conducted online. Through the RFB-VAC sessions, MPC is promoting and creating greater awareness on the need to harness the benefits of technology and digitalisation to provide the impetus for business growth.

(Source: IMR Report)

7.12 Financial overview of our Group

Financial overview for the FYE 30 June 2020

Our Group's principal business segments consist of:-

- (i) stock broking, provision of corporate finance & advisory services and structured finance ("**Financial Services**");
- (ii) investment holding & trading;
- (iii) technology & IT related services ("**Technology**");
- (iv) retail trading and car rental; and
- (v) property investment & development

For the FYE 30 June 2020, our Group operated in a difficult business environment largely due to the containment measures for the COVID-19 pandemic which occurred in the third and last quarter of the financial year. Together with the ongoing US-China trade war quandary, uncertainty over Brexit, the vulnerabilities and volatility of the emerging market economies and currencies that have affected global investors' confidence in the financial and stock markets, these have adversely affected our Group's financial performance for the FYE 30 June 2020. In spite of the difficult and uncertain global social, economic and financial/equity market conditions, our Group reported a respectable though lower PBT of RM25.2 million, against RM93.3 million reported in the FYE 30 June 2019, and the NA of our Group increased from RM1,739 million to RM1,753 million as of 30 June 2020.

The main contributor of revenue to our Group in the FYE 30 June 2020 remains the investment holding & trading segment contributing 44% of our Group's total Group revenue (FYE 30 June 2019: 30%), followed by the Financial Services segment contributing 34% (FYE 30 June 2019: 28%) followed by the retail trading and car rental segment contributing 20% (FYE 30 June 2019: 29%) of our Group's revenue.

The main contributor of PBT in the FYE 30 June 2020 is our Technology segment accounting for RM32.0 million (FYE 30 June 2019: RM62.9 million), followed by our Financial Services segment contributing RM31.3 million (FYE 30 June 2019: RM25.2 million). As a result of the unfavourable factors highlighted above, the investment holding & trading segment suffered a loss before taxation of RM49.2 million due to unrealised mark to market losses of financial assets at fair value through profit or loss and derivative financial instruments (FYE 30 June 2019: PBT of RM1.5 million).

Financial Services division

Revenue and PBT improved due to higher volume share trading by retail investors during the last 2 quarters of the financial year by our stock broking business. The corporate finance and advisory unit also saw higher number of mandates being undertaken by our subsidiary during the last 2 quarters of the FYE 30 June 2020. Our money lending business remains fairly constant and consistent and it has a collateralised loan portfolio of about RM260 million.

Investment holding and trading division

Revenue was higher mainly due to higher sale of financial assets at fair value through profit or loss and other financial instruments totaled RM86.3 million in the FYE 30 June 2020 (FYE 30 June 2019: RM63.7 million). However, the unit suffered loss before taxation of RM49.2 million (FYE 30 June 2019: PBT of RM1.5 million) primarily due to unrealised mark to market loss of financial assets at fair value through profit or loss and unrealised fair value loss on derivative financial instruments totaling RM44.3 million resulted by the uncertain financial and equity markets amid the effects of the measures to curb the COVID-19 pandemic.

Technology division

Our Technology segment reported revenue of RM2.6 million in the FYE 30 June 2020, a decrease of 90% as compared to RM24.8 million in the FYE 30 June 2019, mainly due to the decrease in trading of technology related products. PBT decreased by 49% from RM62.9 million in the FYE 30 June 2019 to RM32.0 million in the FYE 30 June 2020, primarily due to lower gain from disposal of shares in our associate company, Inari Amertron Berhad and lower profit contribution from Inari Amertron Berhad.

Retail trading and car rental division

Revenue and PBT decreased drastically primary due to the containment measures of the COVID-19 pandemic and significant drop in fleet size from 1,039 in the FYE 30 June 2019 to 535 in the FYE 30 June 2020. During the second half year of the FYE 30 June 2020, transient rental was badly affected as there were no in-bound tourism activities.

Property investment and development division

There was no significant variance on revenue but higher PBT was reported due to higher profit contribution from equity accounting of our key equity investment in Ho Hup Construction Company Berhad of RM8.5 million (FYE 30 June 2019: RM2.9 million).

Financial overview for the 3-month FPE 30 September 2020

Our Group reported revenue of RM54.3 million and PBT of RM72.5 million for the 3-month FPE 30 September 2020 ("**Q1/2021**") as compared to revenue of RM39.2 million and PBT of RM21.3 million in the preceding year's corresponding quarter ("**Q1/2020**"). The review of performance by division is as follows:-

Financial Services division

Our unit reported higher revenue of RM25.0 million in the Q1/2021 as compared to RM18.3 million in the Q1/2020 mainly due to higher brokerage income generated by our stock broking unit on the back of stronger trading activities on Bursa Securities in the Q1/2021.

PBT for the Q1/2021 was slightly higher at RM12.4 million as compared to RM11.5 million in the Q1/2020 mainly due to the increase in brokerage income.

Investment holding and trading division

Our investment unit reported higher revenue of RM24.6 million in the Q1/2021 mainly due to higher trading activities as compared to revenue of RM5.1 million in the Q1/2020.

Our investment unit reported PBT of RM16.0 million in the Q1/2021 as compared to a loss before taxation of RM7.1 million in the Q1/2020, mainly due to higher trading activities in Q1/2021.

Technology division

There was no significant variance on revenue reported in the Q1/2021 as compared to Q1/2020.

Our Technology unit reported higher PBT of RM42.7 million in the Q1/2021 (Q1/2020: RM15.5 million) mainly due to higher gain on disposal of shares in our associate company, Inari Amertron Berhad, of RM31.6 million (Q1/2020: RM6.6 million) and higher equity profit contribution from Inari Amertron Berhad of RM11.9 million (Q1/2020: RM9.0 million).

7.13 Impact of the COVID-19 pandemic to our financial results

Operationally, our Group's stock broking, provision of corporate finance & advisory and the structured finance units under the Group's financial services segment were not affected by the MCO as these businesses were able to operate as usual.

Financial Services division

Our financial services segment reported improved brokerage income arising from increased in trading activities on Bursa Securities throughout the MCO and subsequent periods. The segment's contribution to our Group's revenue and profit was RM66.6 million and RM31.3 million respectively for FYE 30 June 2020 (FYE 30 June 2019: RM59.9 million and RM25.2 million).

For the 3-month, FPE 30 September 2020, the segment's contribution to our Group's revenue and profit was RM25.0 million and RM12.4 million respectively (FPE 30 September 2019: RM18.3 million and RM11.5 million).

Investment holding and trading division

Our Group's investment unit was affected by the containment measures implemented to combat the COVID-19 pandemic as the effects of these measures negatively impacted the global economy and financial markets which in turn, affected the fair values of our Group's investments in quoted securities and derivative financial instruments held by our investment unit. Our investment unit reported loss before taxation of RM49.2 million for the FYE 30 June 2020 (FYE 30 June 2019: PBT of RM1.5 million) mainly due to unrealised marked-to-market losses on holding of local and overseas quoted securities of RM42.6 million.

Technology division

Our Group's technology segment reported lower PBT in the FYE 30 June 2020 of RM32.0 million (FYE 30 June 2019: RM62.9 million). As a result of the decrease in demand and lower production volume which was partly due to the short-term impact on operations arising from regulatory controls resulting from the COVID-19 pandemic, our associate company, Inari Amertron Berhad's business in the Outsourced Semiconductor Assembly and Test reported lower revenue and PAT of RM1,058 million and RM156.4 million respectively (FYE 30 June 2019: RM1,153 million and RM192.3 million). Nevertheless, Inari Amertron Berhad saw improved demand for its radio frequency business for Q1/2021 and reported revenue of RM347.6 million and PAT of RM70.1 million for the 3-month FPE 30 September 2020.

Retail trading and car rental division

Our Group's car rental business was adversely affected by the containment measures and border closures as inbound travel were restricted. Long term leasing revenues were also affected but on a smaller scale, which saw car rental revenue declined by 15% year-on-year to RM10.8 million for the FYE 30 June 2020 (FYE 2019: Revenue RM12.6 million). Until the border restrictions is relaxed, the resumption of inbound tourism and the recovery of economic activities at large, our car rental business will remain impacted by the containment measures of COVID-19.

Our Group's retail trading and food and beverage businesses were affected by the containment measures arising from store closures, shortened operating hours, fewer customers and decline in consumer spending. This resulted in our Group reporting larger losses of RM2.1 million for the FYE 30 June 2020 (FYE 30 June 2019: loss RM0.4 million), and RM0.9 million for the 3-month FPE 30 September 2020 (FYE 30 September 2019: loss RM0.05 million).

Property investment and development division

Due to the MCO, our property investment unit offered rental rebates to our tenants in small medium businesses in the last financial quarter of the FYE 30 June 2020 as well as in the 3-month FPE 30 September 2020. Despite the reduction in revenue from the rebates amounting to RM0.05 million for the FYE 30 June 2020 and RM0.03 million in the 3-month FPE 30 September 2020, our unit's financial performance was not materially affected as it was able to maintain near full occupancy for its commercial lettings.

7.14 Prospects of our Group

The year 2020 was challenging for most businesses as the COVID-19 pandemic and the resulting national lockdown policies are expected to have an adverse impact on social and economic conditions globally, including in Malaysia. Consequently, our Group's business operations during the year had also been affected. At this juncture, our Board is not able to reliably estimate the financial impact arising from these unprecedented events until economic conditions recover and the impact of the measures to curb the COVID-19 pandemic subsides or ends.

Our Group expects the FYE 30 June 2021 to be a challenging year due to the ensuing measures to curb the COVID-19 pandemic causing global equity and currency volatility, the continuing US-China trade war, uncertainties over Brexit and the lingering effects of the emerging economies. Our Group has a strong and healthy balance sheet, net cash position, diverse business units that generate reasonable earnings and cash flow, and with prudent management and good corporate governance, we believe our Group will deliver positive results in the FYE 30 June 2021.

Our wholly-owned subsidiary, M&A Securities expects the FYE 30 June 2021 equity market environment to remain volatile and will continue to promote and source for new and existing clients for fund raising and corporate exercises to generate revenue. M&A Securities will maintain its margin business to generate a steady flow of income.

As technology is already an integral part of our lives and the future, we believe our investments in the technology sector are important and will contribute towards the future prospects of our Group. Our Technology investments in the range of companies from startups to listed companies provide for the best short, mid & long-term prospects for the return on investments. Our existing investments in the listed tech companies have benefited from the positive market and investor interests in tech companies since the lows of March 2020 and looks likely to continue positively into the FYE 30 June 2021. Barring unforeseen circumstances, this market outcome is expected to benefit our Group. As for our largest investment holding – Inari Amertron Berhad - the outlook for the year ahead remains somewhat challenging due to supply chain disruptions brought about by the US-China trade

war & intellectual property conflict, and the measures to curb the COVID-19 pandemic. However, we believe the underlying prospects of the semiconductor industry remain bright as advances in technology will continue to drive demand for semiconductors through the expected rollouts of 5G, Internet-of-Things (IoT) and artificial intelligence (AI) applications during the year. Amertron Berhad remains steadfast and ready to participate and benefit especially from the next-generation wireless technologies.

On our property portfolio, our Group will continue its effort to market our existing properties for rent and/or sale and to identify and invest in good properties and development projects that yield attractive return.

Our Board takes on a cautious view on the outlook for the FYE 30 June 2021 due to the unprecedented levels of uncertainty and volatility in the market. Nevertheless, our Group expects that our business will be supported by our strong balance sheet built over the years. Our Group intends to continue to deliver sustainable value to shareholders through risk management and close monitoring on profitability of business moving forward.

(Source: Our Management)

8. EFFECTS OF THE RIGHTS ISSUE WITH WARRANTS

8.1 Share capital

The pro forma effects of the Rights Issue with Warrants on our share capital are set out below.

	Minimum Scenario		Maximum Scenario	
	No. of shares '000	RM'000	No. of shares '000	RM'000
Issued share capital as at the LPD (net of treasury shares)	663,021 ^(a)	859,201	663,021 ^(a)	859,201
After the Rights Issue with Warrants	-	-	-	-
Share capital after Rights Issue with Warrants	663,021	859,201	663,021	859,201
After redemption of the Rights RPS	-	65,000 ^(b)	-	132,604 ^(b)
Share capital after redemption of the Rights RPS	663,021	924,201	663,021	991,805
Shares to be issued assuming full exercise of the Warrants	162,500	148,710 ^(c)	331,510	303,377 ^(c)
Enlarged share capital	825,521	1,072,911	994,531	1,295,182

Notes:

- (a) Net of 30,327,291 treasury shares.
- (b) Assuming the Rights RPS is redeemed out of profits.
- (c) Assuming full exercise of the Warrants based on the exercise price of RM0.90 each and after accounting for the reversal of warrant reserve.

8.2 Earnings and EPS

The Rights Issue with Warrants will not have an immediate dilution effect on the consolidated earnings and EPS of our Company as the Rights RPS is not convertible into ordinary shares but the consolidated EPS of our Company may be proportionately diluted as a result of the increase in the number of issued ordinary shares in issue of our Company when the Warrants are exercised into new Insas Shares.

Assuming that OPR and interest rates remain at current low rates, the Rights Issue with Warrants is not expected to materially affect the future earnings of our Group due to the marginal net savings of RM0.05 million after incorporating dividend payments for the Rights RPS.

For illustrative purposes, the pro forma effects of the Rights Issue with Warrants on the earnings and EPS of our Group is as follows:-

	Unaudited 3-month FPE 30 September 2020 RM'000	I		II	
		After the Rights Issue with Warrants		After assuming full exercise of Warrants	
		Minimum Scenario RM'000	Maximum Scenario RM'000	Minimum Scenario ^(b) RM'000	Maximum Scenario ^(c) RM'000
PAT attributable to owners of Company	65,315	65,315	65,315	65,315	65,315
No. of Shares in issue ('000) ^(a)	663,021	663,021	663,021	825,521	994,531
Basic EPS (sen)	9.85	9.85	9.85	7.91	6.57

Notes:-

- (a) Net of 30,327,291 treasury shares.
- (b) Assuming the exercise of all 162,500,000 Warrants under the Minimum Scenario.
- (c) Assuming the exercise of all 331,510,380 Warrants under the Maximum Scenario.

8.3 Convertible securities

On 23 December 2020, our shareholders had approved the establishment of the ESOS scheme to eligible employees to subscribe for new Shares up to 10% of our total number of issued Shares (excluding treasury shares) at any point of time during the duration of the scheme. As at the LPD, our Company has yet to effect the ESOS scheme. In the event our Company effects the ESOS and grants such ESOS options prior to the implementation of the Rights Issue with Warrants, such ESOS options granted may be subject to adjustments on the exercise price and/or number of Insas Shares to be issued and allotted pursuant to the exercise of the ESOS options in accordance with the provisions of the By-Laws governing the ESOS.

Save as disclosed and the Warrants to be issued pursuant to the Rights Issue with Warrants, our Company does not have any convertible securities.

8.4 NA and gearing

The pro forma effects of the Rights Issue with Warrants on our consolidated NA and gearing based on our Company's latest published unaudited consolidated financial position as at 30 September 2020, are set out below. Please refer to Appendix II for further details.

Minimum Scenario

	I	II	III	
	Unaudited as at 30 September 2020	After the Rights Issue with Warrants	Upon redemption of the Rights RPS	Assuming full exercise of Warrants^(f)
	RM'000	RM'000	RM'000	RM'000
Share capital	873,700	873,700	938,700	1,087,410
Treasury shares	(14,499)	(14,499)	(14,499)	(14,499)
Exchange translation reserve	31,580	31,580	31,580	31,580
Other reserves	88,450	88,450	88,450	88,450
Warrant reserve	-	2,460 ^(b)	2,460	-
Retained earnings	832,177	815,617 ^(c)	750,617 ^(e)	750,617
Shareholders' equity	1,811,408	1,797,308	1,797,308	1,943,558
No. of ordinary shares ('000) ^(a)	663,021	663,021	663,021	825,521
NA per ordinary share (RM)	2.73	2.71	2.71	2.35
Interest bearing debts ^(g)	383,526	385,276 ^(d)	320,276 ^(e)	320,276
Gearing (times)	0.21	0.21	0.18	0.16

Notes:-

- (a) Net of 30,327,291 treasury shares.
- (b) This refers to the fair value of the Warrants issued free with the Rights RPS of RM2.46 million, which value is allocated based on the difference between the gross proceeds from the issuance of the Rights RPS and the fair value of the Rights RPS, net of deferred tax.
- (c) After deducting estimated expenses of RM1.75 million, reversal of fair value adjustment, net of tax on the Rights RPS amounting to RM2.46 million and total dividends to be paid on the Rights RPS amounting to RM12.35 million.
- (d) The increase by RM1.75 million of interest bearing debts refers to the difference between the RM65.00 million proceeds from the issuance of the Rights RPS and the RM63.25 million of the proceeds to repay our Group's bridging loans.
- (e) Assuming the Rights RPS is redeemed out of profits by using internally generated funds.
- (f) Based on the exercise price of the Warrants of RM0.90 per Warrant and after accounting for the reversal of warrant reserve.
- (g) Interest bearing debts includes redeemable preference shares. The Rights RPS is classified as interest bearing debts.

Maximum Scenario

	Unaudited as at 30 September 2020	I After the Rights Issue with Warrants	II Upon redemption of the Rights RPS	III Assuming full exercise of Warrants^(f)
	RM'000	RM'000	RM'000	RM'000
Share capital	873,700	873,700	1,006,304	1,309,681
Treasury shares	(14,499)	(14,499)	(14,499)	(14,499)
Exchange translation reserve	31,580	31,580	31,580	31,580
Other reserves	88,450	88,450	88,450	88,450
Warrant reserve	-	5,018 ^(b)	5,018	-
Retained earnings	832,177	800,214 ^(c)	667,610 ^(e)	667,610
Shareholders' equity	1,811,408	1,784,463	1,784,463	2,082,822
No. of ordinary shares ('000) ^(a)	663,021	663,021	663,021	994,531
NA per ordinary share (RM)	2.73	2.69	2.69	2.09
Interest bearing debts ^(g)	383,526	385,276 ^(d)	252,672 ^(e)	252,672
Gearing (times)	0.21	0.22	0.14	0.12

Notes:-

- (a) Net of 30,327,291 treasury shares.
- (b) This refers to the fair value of the Warrants issued free with the Rights RPS of RM5.02 million, which value is allocated based on the difference between the gross proceeds from the issuance of the Rights RPS and the fair value of the Rights RPS, net of deferred tax.
- (c) After deducting estimated expenses of RM1.75 million, reversal of fair value adjustment, net of tax on Rights RPS amounting to RM5.02 million and total dividends to be paid on the Rights RPS amounting to RM25.20 million.
- (d) The increase by RM1.75 million of interest bearing debts refers to the difference between the RM132.60 million proceeds from the issuance of the RPS and the RM130.85 million of the proceeds to repay our Group's bridging loans.
- (e) Assuming the Rights RPS is redeemed out of profits by using internally generated funds.
- (f) Based on the exercise price of the Warrants of RM0.90 per Warrant and after accounting for the reversal of warrant reserve.
- (g) Interest bearing debts includes redeemable preference shares. The Rights RPS is classified as interest bearing debts.

8.5 Substantial shareholders' shareholdings

The pro forma effects of the Rights Issue with Warrants on our Company's substantial shareholders' shareholdings are set out below:-

Minimum Scenario

Substantial shareholder	As at the LPD ^(a)				I After the Rights Issue with Warrants			
	←-----Direct-----→		←-----Indirect-----→		←-----Direct-----→		←-----Indirect-----→	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Dato' Sri Thong Kok Khee	5,184,678	0.78	160,880,284 ^(b)	24.26	5,184,678	0.78	160,880,284 ^(b)	24.26
Dato' Thong Kok Yoon	43,358,813	6.54	30,844,835 ^(c)	4.65	43,358,813	6.54	30,844,835 ^(c)	4.65
M&A Investments International Limited	96,749,534	14.59	-	-	96,749,534	14.59	-	-

Substantial shareholder	II After assuming full exercise of Warrants ^(d)			
	←-----Direct-----→		←-----Indirect-----→	
	No. of Shares	%	No. of Shares	%
Dato' Sri Thong Kok Khee	50,184,678	6.08	228,380,284 ^(b)	27.66
Dato' Thong Kok Yoon	43,358,813	5.25	41,594,835 ^(c)	5.04
M&A Investments International Limited	134,249,534	16.26	-	-

Maximum Scenario

Substantial shareholder	As at the LPD ^(a)				I After the Rights Issue with Warrants			
	←-----Direct-----→		←-----Indirect-----→		←-----Direct-----→		←-----Indirect-----→	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Dato' Sri Thong Kok Khee	5,184,678	0.78	160,880,284 ^(b)	24.26	5,184,678	0.78	160,880,284 ^(b)	24.26
Dato' Thong Kok Yoon	43,358,813	6.54	30,844,835 ^(c)	4.65	43,358,813	6.54	30,844,835 ^(c)	4.65
M&A Investments International Limited	96,749,534	14.59	-	-	96,749,534	14.59	-	-

Substantial shareholder	II After assuming full exercise of Warrants ^(e)			
	←-----Direct-----→		←-----Indirect-----→	
	No. of Shares	%	No. of Shares	%
Dato' Sri Thong Kok Khee	7,777,013	0.78	241,320,419 ^(b)	24.26
Dato' Thong Kok Yoon	65,038,218	6.54	46,267,245 ^(c)	4.65
M&A Investments International Limited	145,124,299	14.59	-	-

Notes:-

- (a) Calculated based on 663,020,762 Insas Shares (excluding 30,327,291 treasury shares).
- (b) Deemed interest by virtue of the interests of his spouse, Datin Sri Yeoh Kwee See and his children, Thong Mei Chuen and Thong Weng Sheng in our Company and his substantial interest in M&A Investments International Limited, M&A Investments Pte Ltd, Immobiliaire Holdings Sdn Bhd, Baktihan Sdn Bhd, Winfields Development Sdn Bhd and Montprimo Sdn Bhd.
- (c) Deemed interest by virtue of the interest of his spouse, Datin Tan Few Teng and his son, Thong Weng Tim in Insas and his substantial interest in Baktihan Sdn Bhd and Perak Traders Holdings Sdn Bhd.
- (d) Calculated based on 825,520,762 Insas Shares (excluding 30,327,291 treasury shares) assuming full exercise of Warrants under the Minimum Scenario.
- (e) Calculated based on 994,531,142 Insas Shares (excluding 30,327,291 treasury shares) assuming full exercise of Warrants under the Maximum Scenario.

Our substantial shareholders and persons connected to them (who are also Directors of some of our subsidiaries) take cognisance that in the event that they exercise their Warrants, such that their shareholdings in our Company increase to more than 33%, whether on an individual or collective basis, our substantial shareholders and/or any of their related parties are obliged to undertake a mandatory offer for all the remaining Insas Shares not already held by them after the exercise of the Warrants.

9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

9.1 Working capital and sources of liquidity

Our Group's working capital is funded through cash generated from our operating activities, credit facilities from financial institutions as well as our Group's existing cash and bank balances.

As at the LPD, we hold cash and bank balances of RM352.2 million and deposits with licensed banks of RM433.0 million.

Assuming there is no re-imposition of lockdown or similar measures to the business economy, our Board confirms that, after taking into consideration the current containment measures to curb the COVID-19 virus and funds generated from our Company's operations, banking facilities available to our Group as well as the proceeds to be raised from the Rights Issue with Warrants, our Group will have sufficient working capital available for a period of 12 months from the date of this Abridged Prospectus.

9.2 Borrowings

As at 31 December 2020, being a date no earlier than 60 days prior to date of this Abridged Prospectus, our Group's total outstanding borrowings (all of which are interest bearing) are set out below. Our Group does not have any non-interest bearing borrowings.

Borrowings:	Foreign Currency `000	RM'000
Short-term borrowings		
- in USD ^(a)	1,433	5,761
- in AUD ^(b)	6,755	20,907
- in Euro dollars ^(c)	1,676	8,284
- in British pound sterling ^(d)	776	4,249
- in SGD ^(e)	16,886	51,299
- in RM ^(f)		215,151
		<u>305,651</u>
Long-term borrowings		
- in SGD ^(e)	1,220	3,708
- in RM ^(f)		16,054
		<u>19,762</u>
Total		<u>325,413</u>

Notes:-

- (a) Based on the exchange rate of USD1.00:RM4.0205 as at 31 December 2020. The USD borrowing entails term loan facilities;
- (b) Based on the exchange rate of AUD1.00:RM3.0950 as at 31 December 2020. The AUD borrowing entails term loan facilities;
- (c) Based on the exchange rate of Euro dollar 1.00:RM4.9425 as at 31 December 2020. The Euro dollar borrowing entails term loan facilities;

- (d) Based on the exchange rate of British pound sterling 1.00:RM5.4750 as at 31 December 2020. The British pound sterling borrowing entails term loan facilities;
- (e) Based on the exchange rate of SGD1.00:RM3.0380 as at 31 December 2020. The SGD borrowing entails term loan facilities; and
- (f) The RM borrowing comprises bank overdrafts, revolving credit, margin financing and term loans facilities.

Our Board, after having made all reasonable enquiries, confirms that there has not been any default on payments of either interest or principal sums by our Group, in respect of any borrowings during the FYE 30 June 2020 and up to the LPD.

9.3 Material commitments

Save as disclosed below, as at the LPD, our Board confirms that there is no material capital commitment, incurred or known to be incurred by our Group, which upon becoming due or enforceable, may have a material impact on the financial position or business of our Group:-

	RM'000
Approved and contracted for:-	
Purchase of property, plant and equipment ⁽¹⁾	2,343

Note:-

- (1) The purchase of property, plant and equipment is for our Group's operating subsidiary companies' business operations. The purchase of property, plant and equipment shall be funded by way of internal funds and bank borrowings.

9.4 Contingent liabilities

Save as disclosed below, as at 31 December 2020, being a date no earlier than 60 days prior to date of this Abridged Prospectus, our Board confirms that there is no contingent liabilities, incurred or known to be incurred by our Group, which upon becoming enforceable, may have a material impact on the ability on the financial position or business of our Group.

	Company RM'000
Guarantees for banking and credit facilities granted to certain subsidiaries	114,949

9.5 Material transactions

Our Board confirms that save as disclosed in Section 7 of Appendix I, and the Corporate Exercises and ESOS which were approved by the shareholders in an EGM on 23 December 2020, there are no other transactions which may have a material effect on our operations, financial position and results since the latest audited financial statements for the FYE 30 June 2020 and latest unaudited interim consolidated financial information for the 3-month FPE 30 September 2020.

Our Company may grant ESOS options to eligible employees to subscribe for new Shares up to 10% of our total number of issued Shares (excluding treasury shares) at any point of time during the duration of the scheme. As at the LPD, our Company has yet to make effective the ESOS scheme.

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10. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT AND EXCESS APPLICATION

10.1 General

If you are an Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Allotment, which you are entitled to subscribe for in full or in part under the terms of the Rights Issue with Warrants. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such Provisional Allotment into your CDS Account and the RSF which is to be used for the acceptance of the Provisional Allotment, and for the application of any Excess Rights RPS with Warrants under excess application, should you wish to do so.

The outcome of the subscription of the Rights Issue with Warrants shall be announced after the Closing Date.

10.2 NPA

The provisional allotted Rights RPS with Warrants are prescribed securities pursuant to Section 14(5) of the SICDA and therefore, all dealings in the provisionally allotted Rights RPS with Warrants will be by book entries through CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. Entitled Shareholders and/or their renounees/transferees (if applicable) are required to have valid and subsisting CDS Accounts when making their applications.

10.3 Last date and time of acceptance and payment

The last date and time for acceptance and payment for the Rights RPS with Warrants is on **Friday, 19 February 2021** at 5.00 p.m., or such later date and time as may be determined and announced by our Board at their absolute discretion.

10.4 Methods of acceptance and application

You may subscribe for the Provisional Allotments as well as apply for Excess Rights RPS with Warrants, if you choose to do so, using either of the following methods:-

Method	Category of Entitled Shareholders
RSF	All Entitled Shareholders
Electronic Submission of e-RSF	All Individual Entitled Shareholders

10.5 Procedure for full acceptance and payment

10.5.1 By way of RSF

Acceptance and payment for the Provisional Allotment to you as an Entitled Shareholder and/or your renounees/transferees (if applicable) must be made on the RSF enclosed with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained in the RSF. Acceptances which do not conform to the terms of this Abridged Prospectus, NPA or RSF or the notes and instructions contained in these documents or which are illegible may not be accepted at the absolute discretion of our Board.

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS RPS WITH WARRANTS PROVISIONALLY ALLOTTED TO YOU AND/OR YOUR RENOUNCEES/TRANSFEREES (IF APPLICABLE), EXCESS APPLICATION FOR THE RIGHTS RPS WITH WARRANTS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU AND/OR YOUR RENOUNCEES/TRANSFEREES (IF APPLICABLE)

WISH TO SELL/TRANSFER ALL OR ANY PART OF YOUR/THEIR ENTITLEMENTS, ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF.

YOU AND/OR YOUR RENOUNCEES/TRANSFEREES (IF APPLICABLE) ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE RSF AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.

You and/or your renounees/transferees (if applicable) accepting the provisionally allotted Rights RPS are required to complete Part I(A) and Part II of the RSF in accordance with the notes and instructions provided therein. Each completed RSF together with the relevant payment must be despatched by ORDINARY POST, COURIER or DELIVERED BY HAND using the envelope provided (at your own risk) to our Special Share Registrar at the following address:-

ShareWorks Sdn Bhd

No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Telephone number: 03-6201 1120

so as to arrive not later than 5.00 p.m. on 19 February 2021, being the last time and date for acceptance and payment, or such extended time and date as may be determined and announced by our Board.

1 RSF can only be used for acceptance of provisionally allotted Rights RPS with Warrants standing to the credit of 1 CDS Account. Separate RSFs must be used for the acceptance of provisionally allotted Rights RPS with Warrants standing to the credit of more than 1 CDS Account. If successful, the Rights RPS with Warrants subscribed by you and/or your renounees/transferees (if applicable) will be credited into the respective CDS Accounts where the provisionally allotted Rights RPS with Warrants are standing to the credit.

A reply envelope is enclosed with this Abridged Prospectus. To facilitate the processing of the RSFs by our Special Share Registrar, you are advised to use 1 reply envelope for each completed RSF.

You and/or your renounees/transferees (if applicable) should take note that a trading board lot for the Rights RPS with Warrants will comprise 100 Rights RPS and 100 Warrants each respectively. Successful applicants of the Rights RPS will be given free attached Warrants on the basis of 5 Warrants for every 2 Rights RPS successfully subscribed for. The minimum number of securities that can be subscribed for or accepted is 2 Rights RPS for every 10 Insas Shares held. The Warrants will be issued in the proportion of 5 Warrants for every 2 Rights RPS subscribed. Fractional entitlements arising from the Rights Issue with Warrants will be dealt with by our Board as they may deem fit.

If acceptance and payment for the Rights RPS with Warrants provisionally allotted to you and/or your renounees/transferees (if applicable) is not received by the Special Share Registrar on 19 February 2021 by 5.00 p.m., being the last date and time for acceptance and payment, or such extended date and time as may be determined and announced by our Board at their discretion, you and/or your renounees/transferees (if applicable) will be deemed to have declined the provisional allotment made to you and/or your renounees/transferees (if applicable) and it will be cancelled.

Such Rights RPS with Warrants not taken up will be allotted to the applicants applying for Excess Rights RPS with Warrants, if the Rights RPS with Warrants are not fully taken up by such applicants. Proof of time of postage shall not constitute proof of time of receipt by the Special Share Registrar. Our Board reserves the right not to accept or to accept in part only any application without providing any reasons.

You and/or your renounees/transferees (if applicable) who lose, misplace or for any other reasons require another copy of the RSF may obtain additional copies from your stockbrokers, Bursa Securities' website (<http://www.bursamalaysia.com>), our Special Share Registrar at the address stated above or its Investor Portal at www.shareworks.com.my or our Registered Office.

EACH COMPLETED RSF MUST BE ACCOMPANIED BY REMITTANCE IN RM FOR THE FULL AMOUNT IN THE FORM OF BANKER'S DRAFT(S), CASHIER'S ORDER(S), MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "INSAS RIGHTS ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH THE NAME, CONTACT NUMBER, ADDRESS AND CDS ACCOUNT NUMBER OF THE APPLICANT IN BLOCK LETTERS TO BE RECEIVED BY OUR SPECIAL SHARE REGISTRAR.

APPLICATIONS ACCOMPANIED BY PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE MADE BY OUR COMPANY OR OUR SPECIAL SHARE REGISTRAR IN RESPECT OF THE RIGHTS ISSUE WITH WARRANTS. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE ISSUED AND DESPATCHED BY ORDINARY POST TO YOU AND/OR YOUR RENOUNCEES/TRANSFEREES (IF APPLICABLE) AT YOUR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY WITHIN 8 MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE WITH WARRANTS.

YOU SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SPECIAL SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

WHERE AN APPLICATION IS NOT ACCEPTED OR ACCEPTED ONLY IN PART, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST. THE REFUND WILL BE DESPATCHED TO YOU WITHIN 15 MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE WITH WARRANTS BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK.

ALL RIGHTS RPS AND WARRANTS TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE WITH WARRANTS WILL BE ALLOTTED BY WAY OF CREDITING THE RIGHTS RPS AND WARRANTS INTO THE CDS ACCOUNTS OF THE ENTITLED SHAREHOLDERS AND/OR THEIR RENOUNCEES/TRANSFEREES (IF APPLICABLE). NO PHYSICAL SHARE OR WARRANT CERTIFICATES WILL BE ISSUED.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. OUR BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY APPLICATION OR TO ACCEPT ANY APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON.

10.5.2 By way of electronic submission of the e-RSF

The electronic submission of the e-RSF is available to you upon your login to our Special Share Registrar's Investor Portal at www.shareworks.com.my. You are advised to read the instructions as well as the terms and conditions of the electronic submission of the e-RSF.

The electronic submission of the e-RSF is only available to individual Entitled Shareholders. Non-individual Entitled Shareholders are advised to complete and submit the application for the Rights Issue with Warrants as set out in Section 10.5.1 above.

Individual Entitled Shareholders who wish to subscribe for the Rights RPS with Warrants and apply for the Excess Rights RPS with Warrants by way of electronic submission of the e-RSF, shall take note of the following:-

- (a) any electronic submission of the e-RSF received after the Closing Date by our Special Share Registrar may not be accepted at the absolute discretion of our Board. All valid electronic submission of the e-RSF received by our Special Share Registrar is irrevocable and cannot be subsequently withdrawn;
- (b) the electronic submission of the e-RSF must be made in accordance with the procedures and terms and conditions of the electronic submission of the e-RSF, this Abridged Prospectus and the notes and conditions contained in the RSF. Any incomplete or incorrectly completed e-RSF submitted via our Special Share Registrar's Investor Portal may or may not be accepted at the absolute discretion of our Board.
- (c) your application for the Rights RPS with Warrants and Excess Rights RPS with Warrants must be accompanied by the remittance in RM via internet bank transfer, the bank account details as follows:-

- (i) Acceptance of the Rights RPS with Warrants

Name of Bank : AMBANK (M) BERHAD
Name of Account : INSAS RIGHTS ACCOUNT
Bank Account No. : 8881041398897

You are required to pay an **additional fee of RM15.00** being the stamp duty and handling fee for each electronic submission of the e-RSF.

- (ii) Application of Excess Rights RPS with Warrants

Name of Bank : AMBANK (M) BERHAD
Name of Account : INSAS EXCESS ACCOUNT
Bank Account No. : 8881041398900

- (d) All individual Entitled Shareholders who wish to submit by way of electronic submission of the e-RSF are required to follow the procedures and read the terms and conditions as stated below:-

(i) Procedures

	Procedures	Action
User Registration		
1.	Register as a user with the Investor Portal	<ul style="list-style-type: none"> • Access the website at http://www.shareworks.com.my. Click Investor Portal. Refer to the online help tutorial for assistance. • Read and agree to the terms and conditions and confirm the declaration. • Upon submission of your registration, your account will be activated within one working day. • If you have already registered an account with Investor Portal, you are not required to register again.
Electronic Submission of e-RSF		
2.	Sign in to Investor Portal	<ul style="list-style-type: none"> • Login with your user ID and password for electronic submission of the e-RSF before the Closing Date.
3.	Complete the submission of e-RSF	<ul style="list-style-type: none"> • Open the corporate exercise "RIGHTS ISSUE FOR INSAS BERHAD". • Key in your full name, CDS account number, contact number, the number of units for acceptance of your Rights RPS with Warrants and Excess Rights RPS with Warrants (if you choose to apply for additional Rights RPS with Warrants). • Upload the proof of payment(s) and print your e-RSF for your reference and record. • Ensure all information in the form is accurate and then submit the form.

If you encounter any problems during the registration or submission, please email our Special Share Registrar at support@shareworks.com.my for assistance.

(ii) Terms and conditions of the electronic submission of the e-RSF

By submitting your acceptance of the Rights RPS with Warrants and application of the Excess Rights RPS with Warrants (if applicable) by way of electronic submission of the e-RSF:-

(A) You acknowledge that your submission by way of electronic submission of the e-RSF is subject to the risks of electrical, electronic, technical, transmission, communication and computer related faults and breakdowns, fires and other events beyond the control of our Company or our Special Share Registrar and irrevocably agree that if:-

- (i) our Company or our Special Share Registrar does not receive your submission of the e-RSF; or
- (ii) data on the e-RSF is wholly or partially lost, corrupted or inaccessible, or not transmitted,

your submission of the e-RSF will be deemed as failed and not to have been made. Our Company and our Special Share Registrar will not be held liable for any delays, failures or inaccuracies in the processing of

your electronic submission of the e-RSF due to the above reasons and you further agree that you may not make any claims whatsoever against our Company or our Special Share Registrar for any loss, compensation or damage in relation to the unsuccessful or failure of your electronic submission of the e-RSF.

- (B) You will ensure that all information provided by you in the e-RSF is identical with the information in the records of Bursa Depository and further agree and confirm that in the event the said information differs from the records of Bursa Depository, your application by way of electronic submission of the e-RSF may be rejected at the absolute discretion of our Board without assigning any reason.
- (C) You agree that your application shall not be deemed to have been accepted by reason of the remittance have been made.
- (D) You agree that all the Rights RPS and Warrants to be issued pursuant to the Rights Issue with Warrants will be allotted by way of crediting the Rights RPS and Warrants into your CDS account. No physical share or warrant certificates will be issued.
- (E) You agree that our Company and our Special Share Registrar reserve the right to reject your application which does not conform to these terms and conditions.
- (F) If your application is successful, a notice of allotment will be issued and despatched by ordinary post to the address as shown in the Record of Depositors provided by Bursa Depository at your own risk within 8 market days from the last date of acceptance and payment for the Rights Issue with Warrants.
- (G) Where your application is not accepted or accepted only in part, the full amount or the balance of the application monies, as the case may be, shall be refunded without interest by banker's cheque within 15 market days from the last date of acceptance and payment for the Rights Issue with Warrants and will be despatched by ordinary post to the address as shown in the Record of Depositors provided by Bursa Depository at your own risk.

10.6 Procedure for part acceptance

You can accept part of your provisionally allotted Rights RPS with Warrants. The minimum number of securities that can be subscribed for or accepted is 2 Rights RPS. However, the Warrants will be issued in the proportion of 5 Warrants for every 2 Rights RPS subscribed.

You may refer to the procedures set out in Sections 10.5.1 and 10.5.2 of this Abridged Prospectus.

YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN.

The portion of the Provisional Allotments that have not been accepted will be made available to applicants for excess applications.

10.7 Procedure for sale/transfer of Provisional Allotments

As the Provisional Allotments are prescribed securities, you and/or your renounees/transferees (if applicable) may sell/transfer all or part of your entitlement to the Rights RPS with Warrants to 1 or more persons through your stockbrokers without first having to request for a split of the Provisional Allotments standing to the credit of your CDS Accounts. To sell/transfer of all or part of your entitlement to the Provisional Allotments, you and/or your renounees/transferees (if applicable) may sell such entitlement in the open market or transfer to such persons as may be allowed pursuant to the Rules of Bursa Depository. Please refer to Sections 10.5.1 and 10.5.2 of this Abridged Prospectus for the procedures of acceptance and payment by way of RSF and e-RSF respectively.

In selling/transferring all or part of your Provisional Allotment, you and/or your renounees/transferees (if applicable) need not deliver any document including the RSF, to the stockbroker. However, you and/or your renounees/transferees (if applicable) must ensure that there is sufficient Provisional Allotments standing to the credit of your CDS Accounts that are available for settlement of the sale or transfer.

Purchasers or transferees of the Provisional Allotment may obtain a copy of this Abridged Prospectus and the RSF from their stockbrokers or from our Special Share Registrar's Investor Portal at www.shareworks.com.my, or at our Registered Office. This Abridged Prospectus and RSF are also available on Bursa Securities' website (<http://www.bursamalaysia.com>).

10.8 Procedure for acceptance by renounees/transferees

Renounees/Transferees who wish to accept the provisionally allotted Rights RPS with Warrants must obtain a copy of the RSF from their stockbrokers, our Special Share Registrar's Investor Portal at www.shareworks.com.my, or at our Registered Office or from the Bursa Securities' website (<http://www.bursamalaysia.com>) and complete the RSF, submit the same together with the remittance in accordance with the notes and instructions printed therein.

The procedure for acceptance and payment applicable to our Entitled Shareholders as set out in Sections 10.5.1 and 10.5.2 of this Abridged Prospectus also applies to renounees/transferees who wish to accept the provisionally allotted Rights RPS with Warrants.

RENOUNCEES/TRANSFEREES ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENT OF THIS ABRIDGED PROSPECTUS AND ADHERE TO THE NOTES AND INSTRUCTIONS CONTAINED IN THIS ABRIDGED PROSPECTUS AND THE RSF CAREFULLY.

10.9 Procedure for excess application

As an Entitled Shareholder, you and/or your renounees/transferees (if applicable) may apply for excess Rights RPS with Warrants in addition to the Provisional Allotment by completing Part I(B) of the RSF (in addition to Parts I(A) and II) and forward it (together with a **separate remittance** for the full amount payable in respect of the Excess Rights RPS with Warrants applied for) to our Special Share Registrar at the address set out above, so as to arrive not later than 5.00 p.m. on Friday, 19 February 2021, being the last time and date for acceptance and payment, or such extended time and date as may be determined by our Board.

Payment for the Excess Rights RPS with Warrants applied for should be made in the same manner set out in Section 10.5 of this Abridged Prospectus, except that the Banker's Drafts, Cashier's Orders, Money Orders or Postal Orders drawn on a bank or post office in Malaysia crossed "**A/C PAYEE ONLY**" and made payable to "**INSAS EXCESS ACCOUNT**" and endorsed on the reverse side with the name, contact number, address and CDS Account Number of the applicant in block letters to be received by our Special Share Registrar.

Alternatively, individual Entitled Shareholders and/or your renounees/transferees may refer to Section 10.5.2 should you wish to apply for the Excess Rights RPS with Warrants by way of electronic submission of the e-RSF.

Our Board reserves the right to allot the Excess Rights RPS with Warrants applied for under Part I(B) of the RSF, in a fair and equitable basis and in such manner as they in their absolute discretion deem fit and expedient in the best interest of our Company and that the intention of our Board as set out below are achieved. It is the intention of our Board to allot the Excess Rights RPS with Warrants in the following priority:-

- (i) Firstly, to minimise the incidence of odd lots of the Rights RPS;
- (ii) Secondly, for allocation to Entitled Shareholders who have applied for Excess Rights RPS with Warrants, on a pro-rata basis and in board lots, calculated based on their respective shareholdings as at the Entitlement Date;
- (iii) Thirdly, for allocation to Entitled Shareholders who have applied for Excess Rights RPS with Warrants, on a pro-rata basis and in board lots, calculated based on the quantum of their respective Excess Rights RPS with Warrants application; and
- (iv) Fourthly, for allocation to renounees/transferees who have applied for Excess Rights RPS with Warrants, on a pro-rata basis and in board lots, calculated based on the quantum of their respective Excess Rights RPS with Warrants application.

Excess Rights RPS and Warrants will be allocated in the order of (i) to (iv), and any balance thereafter will be allocated in the same sequence until all Excess Rights RPS with Warrants are allotted. Nevertheless, our Board reserves the right to allot any Excess Rights RPS with Warrants applied for under Part 1(B) of the RSF in such manner as it deems fit and expedient and in the best interest of our Company subject always to such allocation being made on a fair and equitable basis, and that the priority set out in (i) to (iv) are achieved. Our Board also reserves the right not to accept or to accept any application for Excess Rights RPS with Warrants, in full or in part, without assigning any reason.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE MADE BY OUR COMPANY OR OUR SPECIAL SHARE REGISTRAR IN RESPECT OF THE EXCESS RIGHTS RPS WITH WARRANTS. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE ISSUED AND DESPATCHED BY ORDINARY POST TO YOU AT YOUR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS WITHIN 8 MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE EXCESS RIGHTS RPS WITH WARRANTS.

YOU SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SPECIAL SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS RIGHTS RPS WITH WARRANTS APPLICATIONS, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST. THE REFUND WILL BE DESPATCHED TO YOU WITHIN 15 MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE EXCESS RIGHTS RPS WITH WARRANTS BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. OUR BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY APPLICATION OR TO ACCEPT ANY APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON.

10.10 Form of issuance

Bursa Securities has already prescribed our Shares listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights RPS with Warrants are prescribed securities and as such, the SICDA and the Rules of Bursa Depository shall apply in respect of the dealings in the said securities.

Failure to comply with the specific instructions or inaccuracy in the CDS Account number may result in the application being rejected.

No physical share or warrant certificates will be issued to you under the Rights Issue with Warrants. Instead, the Rights RPS with Warrants will be credited directly into your CDS Accounts. The notices of allotment will be issued and forwarded to you by ordinary post at your own risk to the address shown in the Record of Depositors within 8 market days from the last date for acceptance and payment of the Rights Issue with Warrants.

Any person who intends to subscribe for the Rights RPS with Warrants as a renounee by purchasing the provisional allotment of Rights RPS with Warrants from an Entitled Shareholder will have his Rights RPS with Warrants credited directly as prescribed securities into his CDS Account.

The Excess Rights RPS with Warrants, if allotted to the successful applicant who applies for Excess Rights RPS with Warrants, will be credited directly as prescribed securities into his CDS Account.

10.11 Laws of foreign jurisdictions

This Abridged Prospectus, the NPA and the RSF have not been (and will not be) made to comply with the laws of any foreign jurisdiction and have not been (and will not be) lodged, registered or approved pursuant to or under any legislation (or with or by any regulatory authorities or other relevant bodies) of any foreign jurisdiction. The Rights Issue with Warrants will not be made or offered in any foreign jurisdiction.

Foreign Entitled Shareholders and/or their renounees/transferees (if applicable) may only accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issue with Warrants only to the extent that it would be lawful to do so.

M&A Securities, our Company, our Board and officers and other experts would not, in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which that foreign Entitled Shareholders and/or their renounees/transferees (if applicable) are or may be subject to. Foreign Entitled Shareholders and/or their renounees/transferees (if applicable) shall solely be responsible to seek advice as to the laws of the jurisdictions to which they are or may be subject to. M&A Securities, our Company, our Board and officers and other experts shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any foreign Entitled Shareholders and/or their renounees/transferees (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such jurisdiction.

Accordingly, this Abridged Prospectus together with the accompanying documents will not be sent to the foreign Entitled Shareholders and/or their renounees/transferees (if applicable) who do not have a registered address in Malaysia. However, such foreign Entitled Shareholders and/or their renounees/transferees (if applicable) may collect the Abridged Prospectus including the accompanying documents from our Special Share Registrar, in which event our Special Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the aforesaid documents.

The foreign Entitled Shareholders and/or their renounees/transferees (if applicable) will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such jurisdiction and we shall be entitled to be fully indemnified and held harmless by such foreign Entitled Shareholders and/or their renounees/transferees (if applicable) for any issue, transfer or other taxes or duties as such person may be required to pay. They will have no claims whatsoever against M&A Securities or us in respect of their rights and entitlements under the Rights Issue with Warrants. Such foreign Entitled Shareholders or their renounees/transferees (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to accept the Rights Issue with Warrants.

By completing and signing the RSF accompanying this Abridged Prospectus, the foreign Entitled Shareholders and/or their renounees/transferees (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) M&A Securities, our Company and our Board and officers and other experts that:-

- (i) We would not, by acting on the acceptance or renunciation in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which that foreign Entitled Shareholders and/or renounees/transferees (if applicable) are or may be subject to;
- (ii) They have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation;
- (iii) They are not a nominee or agent of a person in respect of whom we would, by acting on the acceptance or renunciation, be in breach of the laws of any jurisdiction to which that person is or may be subject to;
- (iv) They are aware that the Rights RPS with Warrants can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;

- (v) They have respectively received a copy of this Abridged Prospectus and have had access to such financial and other information and have been afforded the opportunity to pose such questions to the representatives of our Company and receive answers thereto as they deem necessary in connection with their decision to subscribe for or purchase the Rights RPS with Warrants; and
- (vi) They have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights RPS with Warrants, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights RPS with Warrants.

Persons receiving this Abridged Prospectus, NPA and RSF (including without limitation custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any jurisdiction, where to do so would or might contravene local securities, exchange control or relevant laws or regulations. If this Abridged Prospectus, NPA and RSF are received by any persons in such jurisdiction, or by the agent or nominee of such a person, he must not seek to accept the offer unless he has complied with and observed the laws of the relevant jurisdiction in connection herewith.

Any person who does forward this Abridged Prospectus, NPA and RSF to any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and we reserve the right to reject a purported acceptance of the Rights RPS with Warrants from any such application by foreign Entitled Shareholders and/or their renounees/transferees (if applicable) in any jurisdiction other than Malaysia.

Our Company reserves the right, in its absolute discretion, to treat any acceptance of the Rights RPS with Warrants as invalid if it believes that such acceptance may violate any applicable legal or regulatory requirements in Malaysia.

11. TERMS AND CONDITIONS

The issuance of the Rights RPS with Warrants pursuant to the Rights Issue with Warrants is governed by the terms and conditions as set out in this Abridged Prospectus, the Deed Poll, the NPA and RSF enclosed herewith.

12. FURTHER INFORMATION

You are advised to refer to the ensuing appendices for further information.

Yours faithfully,
for and on behalf of the Board of Directors of,
INSAS BERHAD



DATO' WONG GIAN KUI
Chief Executive Officer/Executive Director

INFORMATION ON OUR COMPANY**1. SHARE CAPITAL**

As at the LPD, our issued share capital is RM859,200,820 comprising 663,020,762 Insas Shares(excluding 30,327,291 treasury shares).

2. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Please refer to Section 8.5 of this Abridged Prospectus for information on the substantial shareholders' shareholdings before and after the Rights Issue with Warrants.

3. DIRECTORS

The details of our Directors as at the LPD are set out below:-

Name (<i>Designation</i>)	Age	Address	Nationality
Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP <i>(Independent Non-Executive Chairperson)</i>	64	C-G-3A, U-Thant Residence No. 28, Jalan Taman U-Thant 55000 Kuala Lumpur	Malaysian
Dato' Wong Gian Kui <i>(Chief Executive Officer/Executive Director)</i>	62	Lot 26 Mont' Kiara Residence Changkat Suria 1 No. 6, Jalan Kiara 2 Mont' Kiara 50480 Kuala Lumpur	Malaysian
Dato' Dr Tan Seng Chuan <i>(Executive Director)</i>	66	C-05, Pangsapuri Bayou Jalan Peranginan Leisure Farm 81560 Gelang Patah Johor	Malaysian
Soon Li Yen <i>(Non-Independent Non- Executive Director)</i>	53	161, Jalan Hujan Manik Overseas Union Garden 58200 Kuala Lumpur	Malaysian
Oh Seong Lye <i>(Independent Non-Executive Director)</i>	73	29, Jalan SS2/39 47300 Petaling Jaya Selangor	Malaysian

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The Rights Issue with Warrants will not have any effect on the shareholdings of our Directors as the Rights RPS is not convertible into ordinary shares. The pro forma effects of the Rights Issue with Warrants on the shareholdings of our Directors are as follows:-

Minimum Scenario

Director	As at the LPD ^(a)				I After the Rights Issue with Warrants			
	←-----Direct-----→		←-----Indirect-----→		←-----Direct-----→		←-----Indirect-----→	
	No. of Shares	% ^(a)	No. of Shares	% ^(a)	No. of Shares	%	No. of Shares	%
Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP	121,992	0.02	-	-	121,992	0.02	-	-
Dato' Wong Gian Kui	212,160	0.03	136,000 ^(b)	0.02	212,160	0.03	136,000 ^(b)	0.02
Dato' Dr Tan Seng Chuan	350,000	0.05	-	-	350,000	0.05	-	-
Soon Li Yen	-	-	-	-	-	-	-	-
Oh Seong Lye	-	-	-	-	-	-	-	-

Director	II After I and assuming full exercise of Warrants			
	←-----Direct-----→		←-----Indirect-----→	
	No. of Shares	% ^(c)	No. of Shares	% ^(c)
Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP	121,992	0.02	-	-
Dato' Wong Gian Kui	212,160	0.03	136,000 ^(b)	0.02
Dato' Dr Tan Seng Chuan	350,000	0.04	-	-
Soon Li Yen	-	-	-	-
Oh Seong Lye	-	-	-	-

Notes:-

- (a) Based on our issued share capital of 663,020,762 Shares (excluding 30,327,291 treasury shares) as at the LPD.
- (b) Deemed interest by virtue of the interest of his spouse, Datin Teo Gaik Seang in our Company.
- (c) Based on our enlarged issued share capital of 825,520,762 Shares.

Maximum Scenario

Director	As at the LPD				I After the Rights Issue with Warrants			
	←-----Direct-----→		←-----Indirect-----→		←-----Direct-----→		←-----Indirect-----→	
	No. of Shares	% ^(a)	No. of Shares	% ^(a)	No. of Shares	%	No. of Shares	%
Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP	121,992	0.02	-	-	121,992	0.02	-	-
Dato' Wong Gian Kui	212,160	0.03	136,000 ^(a)	0.02	212,160	0.03	136,000 ^(a)	0.02
Dato' Dr Tan Seng Chuan	350,000	0.05	-	-	350,000	0.05	-	-
Soon Li Yen	-	-	-	-	-	-	-	-
Oh Seong Lye	-	-	-	-	-	-	-	-

Director	II After I and assuming full exercise of Warrants			
	←-----Direct-----→		←-----Indirect-----→	
	No. of Shares	% ^(c)	No. of Shares	% ^(c)
Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP	182,987	0.02	-	-
Dato' Wong Gian Kui	318,240	0.03	204,000 ^(a)	0.02
Dato' Dr Tan Seng Chuan	525,000	0.05	-	-
Soon Li Yen	-	-	-	-
Oh Seong Lye	-	-	-	-

Notes:-

- (a) Based on our issued share capital of 663,020,762 Shares (excluding 30,327,291 treasury shares) as at the LPD.
(b) Deemed interest by virtue of the interest of his spouse, Datin Teo Gaik Seang in our Company.
(c) Based on our enlarged issued share capital of 994,531,142 Shares.

4. KEY FINANCIAL INFORMATION

Our audited consolidated financial information for the past 3 financial years up to the FYE 30 June 2020 and our most recent announced unaudited interim consolidated financial information for the 3- month FPE 30 September 2020 together with the relevant notes are disclosed in the following documents which have been published on the website of Bursa Securities at <https://www.bursamalaysia.com>:-

	Pages
Our annual report for the FYE 30 June 2018	
Statements of financial position	58-59
Statements of profit or loss	60
Statements of comprehensive income	61
Statements of changes in equity	62-64
Statements of cash flows	65-68
Notes to the financial statements	69-168
Our annual report for the FYE 30 June 2019	
Statements of financial position	62-63
Statements of profit or loss	64
Statements of comprehensive income	65
Statements of changes in equity	66-68
Statements of cash flows	69-72
Notes to the financial statements	73-197
Our annual report for the FYE 30 June 2020	
Statements of financial position	64-65
Statements of profit or loss	66
Statements of comprehensive income	67
Statements of changes in equity	68-70
Statements of cash flows	71-74
Notes to the financial statements	75-196
Our quarterly report for the 3-month FPE 30 September 2020	
Condensed consolidated statements of profit or loss	1-2
Condensed consolidated statements of comprehensive income	3
Condensed consolidated statements of financial position	4
Condensed consolidated statements of changes in equity	5-6
Condensed consolidated statements of cash flows	7
Notes to the financial statements	8-20

5. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices our Shares as traded on Bursa Securities for the past 12 months are as follows:-

	High	Low
	RM	RM
2020		
January	0.910	0.810
February	0.870	0.750
March	0.770	0.350
April	0.625	0.475
May	0.655	0.590
June	0.675	0.590
July	0.815	0.635
August	0.915	0.795
September	0.840	0.740
October	0.790	0.725
November	0.870	0.704
December	0.955	0.840
Last transacted market price on the LTD		0.755
Last transacted market price on the LPD		0.940
Last transacted market price on 29 January 2021, being the last market day immediately prior to the ex-date for the Rights Issue with Warrants		0.995

(Source: M&A Securities)

6. OPTION TO SUBSCRIBE FOR SHARES

As at the LPD, save as disclosed below and the Provisional Allotments as well as the Excess Rights RPS with Warrants, no option to subscribe for any securities of our Company has been granted or is entitled to be granted to any person:-

- (i) Our Company may grant ESOS options to eligible employees to subscribe for new Shares up to 10% of our total number of issued Shares (excluding treasury shares) at any point of time during the duration of the scheme. The ESOS shall be valid for a duration of 5 years from its commencement, and may be extended for a further 5 years, subject to an aggregate of 10 years. The subscription price of the ESOS options shall be determined by the ESOS committee based on the 5-day VWAP of our Shares, immediately prior to the date of offer is made with a discount of not more than 10%. As at the LPD, our Company has yet to make effective the ESOS scheme.

7. MATERIAL CONTRACTS

Save as disclosed below, our Board confirms that there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by our Group during the past 2 years preceding the date of this Abridged Prospectus:-

- (i) Disposal of Singapore Car Rental Division involving Roset Logistics Holdings Pte Ltd ("**RLHPL**"), Insas (S) Pte Ltd ("**ISPL**") and Montego (S) Pte Ltd ("**MSPL**")

Before the disposal, RLHPL, a 79.5% subsidiary of Insas, held the following shares:

- (a) 500,000 ordinary shares in Roset Limousine Services Pte Ltd;
- (b) 1 ordinary share in Roset Auto Care Services Pte Ltd;
- (c) 200,000 ordinary shares in Insas Logistics (M) Sdn Bhd ("**ILMSB**"); and
- (d) 1,000,000 ordinary shares in Insas Logistics (S) Pte Ltd ("**ILSPL**").

The shares in Roset Limousine Services Pte Ltd and Roset Auto Care Services Pte Ltd were sold to Epica Holdings Pte Ltd pursuant to a Share Sale Agreement dated 21 November 2019 for a cash consideration of SGD3,773,434.

The shares in ILMSB were sold to Insas pursuant to a Share Sale Agreement dated 21 November 2019 for a cash consideration of RM6,086.

The shares in ILSPL were sold to ISPL, our wholly-owned subsidiary, pursuant to a Share Sale Agreement dated 21 November 2019 for a cash consideration of SGD500,000.

ISPL and MSPL, both wholly-owned subsidiaries of our Company, owned 633 ordinary shares in Tribecar Pte Ltd, our 63.2% subsidiary. Pursuant to the Share Sale Agreement dated 7 February 2020 made between MSPL, ISPL, Melwani Ashok Bhagwandas and John Tan Yik Ann (collectively "**Vendors**"), and Epica Holdings Pte Ltd, Tan Wen Jie and Lee Chee Full (collectively "**Purchasers**") in respect of Tribecar Pte Ltd, the Vendors agreed to sell all their shares in Tribecar Pte Ltd amounting to 686 ordinary shares to the Purchasers for a cash consideration of SGD823,200.

8. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, save as disclosed below, our Board confirms that neither our Company nor our subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has or would have a material and adverse effect on the financial position or the business of our Group, and our Board confirms that there are no proceedings, pending or threatened against our Group, or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of our Group:-

- (i) **In the Matter of the Arbitration Act 1952 (Revised 1972) between Yongbena Sdn Bhd ("**YSB**") and M&A Securities Sdn Bhd ("**MASB**")**

MASB entered into a Pertubuhan Arkitek Malaysia Agreement and Schedule of Conditions of Building Contracts, Private Edition (With Quantities) 1969, Reprint 1995 dated 29 April 1997 ("**PAM Agreement**") with YSB to build a 10-storey office block and a 4-storey car park for RM10,612,181.41.

YSB pleaded a claim against MASB for, amongst others, failing to make payments pursuant to the PAM Agreement and the amount YSB pleaded was RM4,035,897.39, together with interest and costs. YSB has since amended its claim, and the total sum claimed now is RM4,009,647.39.

MASB counterclaimed for breach of the PAM Agreement and the amount claimed is RM1,176,485.28 and general damages, interest and costs.

The matter was referred to arbitration in 2000. The amended Points of Claim was filed on 14 March 2002. MASB filed its amended Statement of Defence and Counterclaim on 30 October 2002. Reply to Defence and Defence to Counterclaim, and Reply to Defence to Counterclaim were filed on 15 November 2001 and 28 November 2001 respectively.

As at the LPD, the arbitration is still on-going.

As MASB's solicitors are of the opinion that MASB has a fair chance in successfully proving its defence, no provision to the sum claimed by YSB has been made in our books. Based on the facts of the case and premise on the above, the auditors of MASB confirms that the sum claimed by YSB is not required to be provided. MASB's estimated maximum exposure is the total sum claimed i.e. RM4,009,647.39 (without interest).

9. CONSENTS

The written consents of our Principal Adviser, Company Secretaries, Special Share Registrar, IMR, Share Registrar and solicitors for the Rights Issue with Warrants to the inclusion in this Abridged Prospectus of their names and all references thereto in the form and context in which they appear have been given before the issuance of this Abridged Prospectus and have not subsequently been withdrawn.

The written consent of our Reporting Accountants to the inclusion in this Abridged Prospectus of their name and letter relating to the pro forma consolidated statement of financial position of our Company and subsidiaries as at 30 September 2020, in the form and context in which they appear have been given before the issuance of this Abridged Prospectus and have not subsequently been withdrawn.

10. DECLARATION

M&A Securities is a wholly-owned subsidiary of our Company. Dato' Sri Thong Kok Khee and Dato' Thong Kok Yoon are the major shareholders of our Company. Dato' Sri Thong Kok Khee has substantial interests in M&A Investments International Limited, M&A Investments Pte Ltd, Immobiliare Holdings Sdn Bhd and Baktihan Sdn Bhd, who are the Undertaking Shareholders. In addition, Dato' Thong Kok Yoon has a substantial interest in Baktihan Sdn Bhd.

Save for Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP, Dato' Wong Gian Kui and Dato' Thong Kok Yoon, none of the Directors of our Company are Directors of M&A Securities. Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP and Dato' Wong Gian Kui are also members of M&A Securities' risk management, nomination and remuneration committees.

Save for the aforementioned, M&A Securities is not aware of any circumstances that would give rise to a conflict of interest situation in their capacity as the Principal Adviser, in relation to the Rights Issue with Warrants. Notwithstanding the above, M&A Securities is of the view that the relationship above does not give rise to a situation of conflict of interest in M&A Securities' role as the Principal Adviser to our Company in relation to the Rights Issue with Warrants based on the following:-

- (i) M&A Securities is a stockbroking firm licensed to undertake the provision of corporate finance services and its appointment as the Principal Adviser is in its ordinary course of business;
- (ii) the role of M&A Securities is governed by agreement, which clearly set out the rights, duties and responsibilities of M&A Securities in its capacity as the Principal Adviser in relation to the Rights Issue with Warrants;
- (iii) there is no direct interest to be derived from M&A Securities' appointment as Principal Adviser to our Company for the Rights Issue with Warrants and neither is M&A Securities interested nor affected by the outcome of the Rights Issue with Warrants (other than participating in the underwriting of the Rights Issue with Warrants (if any)); and
- (iv) the Rights Issue with Warrants is to all shareholders of our Company on a pro-rata basis, in proportion to the shareholders' shareholdings, affecting all shareholders equally.

Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP and Dato' Wong Gian Kui, have declared their interests as Director of M&A Securities and our Company and as such, have abstained from deliberations and voting at the board meetings of M&A Securities, risk management committee of M&A Securities and resolutions in relation to the Rights Issue with Warrants as well as for the underwriting arrangement.

11. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at our Registered Office at No. 47-5, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur during normal business hours (except public holidays) for a period of 6 months from the date of this Abridged Prospectus:-

- (i) Our Constitution;
- (ii) The IMR Report;
- (iii) Letters of consent referred to in **Section 9** of this Appendix;
- (iv) Letters of Undertakings referred to in **Section 3** of this Abridged Prospectus;
- (v) The Deed Poll;
- (vi) Pro forma consolidated statement of the financial position of our Group as at 30 September 2020 together with the Reporting Accountants' report thereon, as set out in **Appendix II** of this Abridged Prospectus; and
- (vii) Material contracts referred to in **Section 7** of this Appendix.

12. RESPONSIBILITY STATEMENT

This Abridged Prospectus together with the NPA and RSF, have been seen and approved by our Board and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement herein false or misleading.

M&A Securities, being our Principal Adviser for the Rights Issue with Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue with Warrants.

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30
SEPTEMBER 2020 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON**

**INSAS BERHAD
(Registration No: 196101000026 (4081-M))
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES**

**PRO FORMA CONSOLIDATED
STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020**

GRANT THORNTON MALAYSIA PLT

CHARTERED ACCOUNTANTS

Member of Grant Thornton International



**REPORTING ACCOUNTANTS' ASSURANCE REPORT
ON THE COMPILATION OF PRO FORMA
CONSOLIDATED STATEMENTS OF FINANCIAL
POSITION AS AT 30 SEPTEMBER 2020**

(Prepared for inclusion in the Abridged Prospectus)

Grant Thornton Malaysia PLT

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Date: 15 January 2021

The Board of Directors

Insas Berhad

No. 45-5, The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Dear Sirs,

**INSAS BERHAD AND ITS SUBSIDIARIES
REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED
STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020**

We have completed our assurance engagement to report on the compilation of Pro Forma Consolidated Statements of Financial Position of Insas Berhad (“Insas” or “the Company”) and of its subsidiaries (“Insas Group” or “the Group”) as at 30 September 2020 together with the accompanying notes thereto. The Pro Forma Consolidated Statements of Financial Position which are set out in the accompanying statement (which we have stamped for the purpose of identification), have been compiled by the Directors of the Company for the purpose of inclusion in the Company’s Abridged Prospectus after including the effects of the Renounceable Rights Issue of up to 132,604,152 new Redeemable Preference Shares (“RPS”) in Insas together with up to 331,510,380 free detachable warrants in Insas (“Warrants”) on the basis of two (2) RPS together with five (5) Warrants for every ten (10) existing Shares held in Insas on an entitlement date to be determined and announced later (“corporate exercise” or “Rights Issue of RPS with Free Warrants”).

The Pro Forma Consolidated Statements of Financial Position have been compiled by the Directors of the Company, for illustrative purposes only, to show the effects of the above corporate exercise on the unaudited consolidated statements of financial position of the Group as at 30 September 2020 had the above corporate exercise been effected on that date. As part of this process, information about the Insas Group’s consolidated statements of financial position has been extracted by the Directors of the Company from the unaudited interim consolidated financial statements of Insas for the financial period ended 30 September 2020, on which quarterly report has been announced in Bursa Malaysia Securities Berhad on 24 November 2020.



Directors' Responsibilities

The Directors of the Company are responsible for compiling the Pro Forma Consolidated Statements of Financial Position on the basis set out in Note 1 to the Pro Forma Consolidated Statements of Financial Position ("Applicable Criteria").

Our Independence and Quality Control

We are independent in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board of Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our firm applies *International Standard on Quality Control ("ISQC") 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express an opinion about whether the Pro Forma Consolidated Statements of Financial Position have been properly compiled by the Directors on the basis of the Applicable Criteria.

We conducted our engagement in accordance with International Standard on Assurance Engagements ("ISAE") 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus", issued by International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Consolidated Statements of Financial Position on the basis of the Applicable Criteria.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any financial information used in compiling the Pro Forma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statements of Financial Position. In providing this opinion, we do not accept any responsibility for such reports or opinion beyond that is owned to those to whom those reports or opinions were addressed by us at the date of their issuance.

The purpose of the Pro Forma Consolidated Statements of Financial Position included in the Abridged Prospectus is solely to illustrate the impact as if the Rights Issue of RPS with Free Warrants had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at that date would have been as presented.



Our Responsibility (cont'd)

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material aspects, on basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the Directors in the compilation of Pro Forma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions enumerated in the notes thereto, and to obtain sufficient appropriate evidence about whether:-

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Consolidated Statements of Financial Position reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the Pro Forma Consolidated Statements of Financial Position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statements of Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

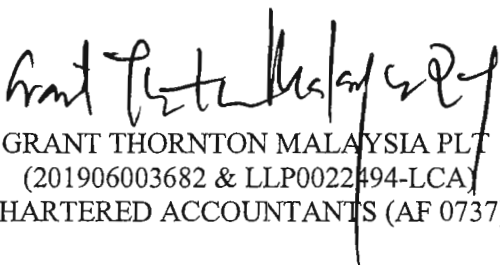
In our opinion:

- (a) the Proforma Consolidated Statements of Financial Position, which have been compiled by the Directors of the Company, have been properly compiled, in all material respects, on the basis of the Applicable Criteria using unaudited interim consolidated financial statements of the Group as at 30 September 2020 which were prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and in a manner consistent with both the format of the financial statements and the accounting policies adopted by the Group; and
- (b) each material adjustment made to the information used in the preparation of the Proforma Consolidated Statements of Financial Position is appropriate for the purposes of preparing the Proforma Consolidated Statements of Financial Position.


**Other Matter**

This letter is issued for the sole purpose of Abridged Prospectus. Our work had been carried out in accordance with International Standard on Assurance Engagements issued by Malaysian Institute of Accountants and accordingly should not be relied upon as if it had been carried out in accordance with standards and practices in other jurisdictions. Therefore, this letter is not appropriate in other jurisdictions and should not be used or relied upon for any purpose other than the above corporate exercise. We accept no duty of responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this letter in connection with any type of transaction other than the above corporate exercise.

Yours faithfully,



GRANT THORNTON MALAYSIA PLT
(201906003682 & LLP0022494-LCA)
CHARTERED ACCOUNTANTS (AF 0737)



FOO LEE MENG
(NO: 03069/07/2021(J))
CHARTERED ACCOUNTANT

INSAS BERHAD
(Registration No: 196101000026 (4081-M))
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020

MINIMUM SCENARIO

The Pro Forma Consolidated Statements of Financial Position of Insas Group as at 30 September 2020 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 2 to the Pro Forma Consolidated Statements of Financial Position (Minimum Scenario) on the assumption that these transactions were completed on 30 September 2020:-

	Unaudited as at 30 September 2020 RM'000	Pro Forma <u>I</u> RM'000	Pro Forma <u>II</u> RM'000	Pro Forma <u>III</u> RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	58,037	58,037	58,037	58,037
Investment properties	191,683	191,683	191,683	191,683
Financial assets at fair value through other comprehensive income	32,609	32,609	32,609	32,609
Financial assets at amortised cost	3,030	3,030	3,030	3,030
Associate companies	391,915	391,915	391,915	391,915
Jointly controlled entities	(242)	(242)	(242)	(242)
Intangible assets	26,047	26,047	26,047	26,047
Deferred tax assets	1,246	1,246	1,246	1,246
Other receivables	7,606	7,606	7,606	7,606
Total non-current assets	711,931	711,931	711,931	711,931
Current assets				
Property development costs	10,885	10,885	10,885	10,885
Inventories	11,812	11,812	11,812	11,812
Trade receivables	497,705	497,705	497,705	497,705
Amount due from associate companies	73,422	73,422	73,422	73,422
Other receivables, deposits and prepayments	64,722	64,722	64,722	64,722
Financial assets at amortised cost	8,736	8,736	8,736	8,736
Financial assets at fair value through profit or loss	157,912	157,912	157,912	157,912
Tax recoverable	445	445	445	445
Deposits with licensed banks and financial institutions	3.1 470,652	458,302	393,302	539,552
Cash and bank balances	300,191	300,191	300,191	300,191
Total current assets	1,596,482	1,584,132	1,519,132	1,665,382
Total assets	2,308,413	2,296,063	2,231,063	2,377,313

Stamped for the purpose of identification on:
15 JAN 2021
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INSAS BERHAD
(Registration No: 196101000026 (4081-M))
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AND ITS SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020 (CONT'D)

MINIMUM SCENARIO (CONT'D)

The Pro Forma Consolidated Statements of Financial Position of Insas Group as at 30 September 2020 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 2 to the Pro Forma Consolidated Statements of Financial Position (Minimum Scenario) on the assumption that these transactions were completed on 30 September 2020 (cont'd):-

		Unaudited as at 30 September 2020 RM'000	Pro Forma I RM'000	Pro Forma II RM'000	Pro Forma III RM'000
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to owners of the Company					
Share capital	3.2	873,700	873,700	938,700	1,087,410
Treasury shares		(14,499)	(14,499)	(14,499)	(14,499)
Reserves	3.3	120,030	122,490	122,490	120,030
Retained earnings	3.4	832,177	815,617	750,617	750,617
		1,811,408	1,797,308	1,797,308	1,943,558
Non-controlling interests		1,690	1,690	1,690	1,690
Total equity		1,813,098	1,798,998	1,798,998	1,945,248
LIABILITIES					
Non-current liabilities					
Loans and borrowings	3.5	20,011	20,011	20,011	20,011
Lease liabilities		15,990	15,990	15,990	15,990
Deferred tax liabilities	3.6	5,551	5,551	5,551	5,551
RPS	3.7	-	65,000	-	-
Total non-current liabilities		41,552	106,552	41,552	41,552
Current liabilities					
Derivative financial liabilities		2,022	2,022	2,022	2,022
Trade payables		80,150	80,150	80,150	80,150
Other payables, deposits received and accruals		20,412	20,412	20,412	20,412
Lease liabilities		6,482	6,482	6,482	6,482
Loans and borrowings	3.5	341,043	277,793	277,793	277,793
Tax payable		3,654	3,654	3,654	3,654
Total current liabilities		453,763	390,513	390,513	390,513
Total liabilities		495,315	497,065	432,065	432,065
Total equity and liabilities		2,308,413	2,296,063	2,231,063	2,377,313

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020 (CONT'D)

MINIMUM SCENARIO (CONT'D)

1. **BASIS OF PREPARATION**

The Pro Forma Consolidated Statements of Financial Position have been prepared based on accounting policies and basis which are consistent with those disclosed in the unaudited interim consolidated financial statements of Insas for the financial period ended 30 September 2020.

The Pro Forma Consolidated Statements of Financial Position of Insas have been prepared for illustrative purposes and on the assumptions that the Consolidated Statements of Financial Position were affected on that date by the transactions and events as per Note 2 to the Pro Forma Consolidated Statements of Financial Position (Minimum Scenario) assuming that all the transactions mentioned as per Note 2 to the Pro Forma Consolidated Statements of Financial Position (Minimum Scenario) had taken place on 30 September 2020.

2. **TRANSACTIONS AND EVENTS TO THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

The unaudited Consolidated Statements of Financial Position of Insas as at 30 September 2020 had been adjusted assuming the following transactions and events were completed on 30 September 2020:-

(i) **Pro Forma I: Rights Issue of RPS with Free Warrants**

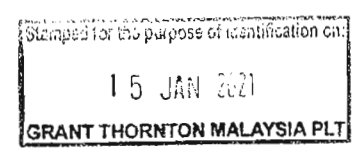
Pro Forma I incorporates the effects of the following:-

Assuming none of the Entitled Shareholders subscribe for their entitlements, the Undertaking Shareholders subscribe for their subscriptions pursuant to the Undertakings and underwriting arrangement of RM20,000,000 are procured. The minimum level would involve 65,000,000 new RPS at an issue price of RM1.00 per RPS together with 162,500,000 Warrants, to arrive at RM65,000,000.

A dividend rate per annum of 3.8 sen on the issue price per RPS is to be paid on the RPS.

The proceeds arising from the Rights Issue of RPS with Free Warrants of RM65,000,000 are expected to be utilised in the following manner:-

Purpose	RM'000	Timeframe for utilisation
Repayment of bridging loan	63,250	Within 2 months from the listing of the RPS
To defray estimated expenses relating to the corporate exercise	1,750	Within 1 month from the listing of the RPS
	65,000	



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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020 (CONT'D)

MINIMUM SCENARIO (CONT'D)

2. **TRANSACTIONS AND EVENTS TO THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

The unaudited Consolidated Statements of Financial Position of Insas as at 30 September 2020 had been adjusted assuming the following transactions and events were completed on 30 September 2020 (cont'd):-

(ii) **Pro Forma II: Redemption of RPS**

Pro Forma II incorporates the effects in Pro Forma I and the following:-

The Pro Forma Consolidated Statements of Financial Position have illustrated the redemption of 65,000,000 RPS at RM1.00 each.

(iii) **Pro Forma III: Full Exercise of Warrants**

Pro Forma III incorporates the effects in Pro Forma I to II and the following:-

For illustration purposes, the Pro Forma Consolidated Statements of Financial Position have assumed full exercise of 162,500,000 Warrants at an exercise price of RM0.90 each.

The proceeds arising from the Full Exercise of Warrants amounting to RM146,250,000 are expected to be fully utilised for working capital requirement of Insas Group, as and when the Warrants are exercised, within the tenure of the Warrants. As such, the exact timeframe for utilisation of the gross proceeds is not determinable at this juncture.

The new ordinary shares of Insas to be issued pursuant to the Full Exercise of Warrants shall, upon allotment and issue, rank pari passu in all respects with the existing ordinary shares of Insas, except that they will not be entitled to any dividends, rights, allotments and/or any other distributions, the entitlement date of which is prior to the date of allotment of the new ordinary shares.

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020 (CONT'D)

MINIMUM SCENARIO (CONT'D)

3. **NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020**

3.1 **DEPOSITS WITH LICENSED BANKS AND FINANCIAL INSTITUTIONS**

The movements of the deposits with licensed banks and financial institutions are as follows:-

	RM'000
As at 30 September 2020	470,652
Arising from Rights Issue of RPS with Free Warrants	65,000
Arising from repayment of bridging loan	(63,250)
Arising from corporate exercise expenses	(1,750)
Arising from dividend on RPS	(12,350)
	458,302
As per Pro Forma I	458,302
Arising from Redemption of RPS	(65,000)
	393,302
As per Pro Forma II	393,302
Arising from Full Exercise of Warrants	146,250
	539,552
As per Pro Forma III	539,552

3.2 **SHARE CAPITAL**

The movements of the share capital are as follows:-

	Number of <u>Shares</u> Unit ('000)	<u>Amount</u> RM'000
As at 30 September 2020/As per Pro Forma I	693,348	873,700
Arising from Redemption of RPS	-	65,000
	693,348	938,700
As per Pro Forma II	693,348	938,700
Arising from Full Exercise of Warrants	162,500	148,710
	855,848	1,087,410
As per Pro Forma III	855,848	1,087,410

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INSAS BERHAD
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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020 (CONT'D)

MINIMUM SCENARIO (CONT'D)

3. **NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020 (CONT'D)**

3.3 **RESERVES**

The movements of the reserves are as follows:-

	Exchange translation <u>reserve</u> RM'000	Warrant <u>reserves</u> RM'000	Other <u>reserves*</u> RM'000	<u>Total</u> RM'000
As at 30 September 2020	31,580	-	88,450	120,030
Arising from fair value adjustment on Rights Issue of RPS with Free Warrants	-	2,460	-	2,460
As per Pro Forma I to II	31,580	2,460	88,450	122,490
Arising from Full Exercise of Warrants	-	(2,460)	-	(2,460)
As per Pro Forma III	31,580	-	88,450	120,030

* Consists of Insas Group's equity share of certain associate companies' capital and other reserves and a subsidiary company's other reserve.

3.4 **RETAINED EARNINGS**

The movements of the retained earnings are as follows:-

	RM'000
As at 30 September 2020	832,177
Arising from dividend on RPS	(12,350)
Arising from reversal of fair value adjustment, net of tax on Rights Issue of RPS with Free Warrants	(2,460)
Arising from corporate exercise expenses	(1,750)
As per Pro Forma I	815,617
Arising from Redemption of RPS	(65,000)
As per Pro Forma II to III	750,617

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020 (CONT'D)

MINIMUM SCENARIO (CONT'D)

3. **NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020 (CONT'D)**

3.5 **LOANS AND BORROWINGS**

The movements of the loans and borrowings are as follows:-

	<u>Current</u> RM'000	<u>Non-current</u> RM'000	<u>Total</u> RM'000
As at 30 September 2020	341,043	20,011	361,054
Arising from repayment of bridging loan	(63,250)	-	(63,250)
As per Pro Forma I to III	<u>277,793</u>	<u>20,011</u>	<u>297,804</u>

3.6 **DEFERRED TAX LIABILITIES**

The movements of the deferred tax liabilities are as follows:-

	RM'000
As at 30 September 2020	5,551
Arising from fair value adjustment on Rights Issue of RPS with Free Warrants	777
Arising from reversal of fair value adjustment on Rights Issue of RPS with Free Warrants	(777)
As per Pro Forma I to III	<u>5,551</u>

3.7 **RPS**

The movements of the RPS are as follows:-

	RM'000
As at 30 September 2020	-
Arising from Rights Issue of RPS with Free Warrants, at fair value	61,763
Arising from reversal of fair value adjustment on Rights Issue of RPS with Free Warrants	3,237
As per Pro Forma I	65,000
Arising from Redemption of RPS	(65,000)
As per Pro Forma II to III	<u>-</u>

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020 (CONT'D)

MAXIMUM SCENARIO

The Pro Forma Consolidated Statements of Financial Position of Insas Group as at 30 September 2020 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 2 to the Pro Forma Consolidated Statements of Financial Position (Maximum Scenario) on the assumption that these transactions were completed on 30 September 2020:-

	Unaudited as at 30 September 2020 RM'000	Pro Forma I RM'000	Pro Forma II RM'000	Pro Forma III RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	58,037	58,037	58,037	58,037
Investment properties	191,683	191,683	191,683	191,683
Financial assets at fair value through other comprehensive income	32,609	32,609	32,609	32,609
Financial assets at amortised cost	3,030	3,030	3,030	3,030
Associate companies	391,915	391,915	391,915	391,915
Jointly controlled entities	(242)	(242)	(242)	(242)
Intangible assets	26,047	26,047	26,047	26,047
Deferred tax assets	1,246	1,246	1,246	1,246
Other receivables	7,606	7,606	7,606	7,606
Total non-current assets	711,931	711,931	711,931	711,931
Current assets				
Property development costs	10,885	10,885	10,885	10,885
Inventories	11,812	11,812	11,812	11,812
Trade receivables	497,705	497,705	497,705	497,705
Amount due from associate companies	73,422	73,422	73,422	73,422
Other receivables, deposits and prepayments	64,722	64,722	64,722	64,722
Financial assets at amortised cost	8,736	8,736	8,736	8,736
Financial assets at fair value through profit or loss	157,912	157,912	157,912	157,912
Tax recoverable	445	445	445	445
Deposits with licensed banks and financial institutions	470,652	445,457	312,853	611,212
Cash and bank balances	300,191	300,191	300,191	300,191
Total current assets	1,596,482	1,571,287	1,438,683	1,737,042
Total assets	2,308,413	2,283,218	2,150,614	2,448,973

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020 (CONT'D)

MAXIMUM SCENARIO (CONT'D)

The Pro Forma Consolidated Statements of Financial Position of Insas Group as at 30 September 2020 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 2 to the Pro Forma Consolidated Statements of Financial Position (Maximum Scenario) on the assumption that these transactions were completed on 30 September 2020 (cont'd):-

		Unaudited as at 30 September 2020 RM'000	Pro Forma I RM'000	Pro Forma II RM'000	Pro Forma III RM'000
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to owners of the Company					
Share capital	3.2	873,700	873,700	1,006,304	1,309,681
Treasury shares		(14,499)	(14,499)	(14,499)	(14,499)
Reserves	3.3	120,030	125,048	125,048	120,030
Retained earnings	3.4	832,177	800,214	667,610	667,610
		1,811,408	1,784,463	1,784,463	2,082,822
Non-controlling interests		1,690	1,690	1,690	1,690
Total equity		1,813,098	1,786,153	1,786,153	2,084,512
LIABILITIES					
Non-current liabilities					
Loans and borrowings	3.5	20,011	20,011	20,011	20,011
Lease liabilities		15,990	15,990	15,990	15,990
Deferred tax liabilities	3.6	5,551	5,551	5,551	5,551
RPS	3.7	-	132,604	-	-
Total non-current liabilities		41,552	174,156	41,552	41,552
Current liabilities					
Derivative financial liabilities		2,022	2,022	2,022	2,022
Trade payables		80,150	80,150	80,150	80,150
Other payables, deposits received and accruals		20,412	20,412	20,412	20,412
Lease liabilities		6,482	6,482	6,482	6,482
Loans and borrowings	3.5	341,043	210,189	210,189	210,189
Tax payable		3,654	3,654	3,654	3,654
Total current liabilities		453,763	322,909	322,909	322,909
Total liabilities		495,315	497,065	364,461	364,461
Total equity and liabilities		2,308,413	2,283,218	2,150,614	2,448,973

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020 (CONT'D)

MAXIMUM SCENARIO (CONT'D)

1. BASIS OF PREPARATION

The Pro Forma Consolidated Statements of Financial Position have been prepared based on accounting policies and basis which are consistent with those disclosed in the unaudited interim consolidated financial statements of Insas for the financial period ended 30 September 2020.

The Pro Forma Consolidated Statements of Financial Position of Insas have been prepared for illustrative purposes and on the assumptions that the Consolidated Statements of Financial Position were affected on that date by the transactions and events as per Note 2 to the Pro Forma Consolidated Statements of Financial Position (Maximum Scenario) assuming that all the transactions mentioned as per Note 2 to the Pro Forma Consolidated Statements of Financial Position (Maximum Scenario) had taken place on 30 September 2020.

2. TRANSACTIONS AND EVENTS TO THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The unaudited Consolidated Statements of Financial Position of Insas as at 30 September 2020 had been adjusted assuming the following transactions and events were completed on 30 September 2020:-

(i) Pro Forma I: Rights Issue of RPS with Free Warrants

Pro Forma I incorporates the effects of the following:-

Renounceable Rights Issue of 132,604,152 new RPS at an issue price of RM1.00 per RPS on the basis of two (2) RPS for every ten (10) ordinary shares in Insas held by the entitled shareholders together with 331,510,380 Warrants on the basis of five (5) Warrants for every two (2) RPS subscribed. Assuming all Entitled Shareholders subscribe for their respective entitlements.

A dividend rate per annum of 3.8 sen on the issue price per RPS is to be paid on the RPS.

The proceeds arising from the Rights Issue of RPS with Free Warrants of RM132,604,152 are expected to be utilised in the following manner:-

Purpose	RM'000	Timeframe for utilisation
Repayment of bridging loan	130,854	Within 2 months from the listing of the RPS
To defray estimated expenses relating to the corporate exercise	1,750	Within 1 month from the listing of the RPS
	132,604	

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INSAS BERHAD
(Registration No: 196101000026 (4081-M))
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020 (CONT'D)

MAXIMUM SCENARIO (CONT'D)

2. TRANSACTIONS AND EVENTS TO THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

The unaudited Consolidated Statements of Financial Position of Insas as at 30 September 2020 had been adjusted assuming the following transactions and events were completed on 30 September 2020 (cont'd):-

(ii) Pro Forma II: Redemption of RPS

Pro Forma II incorporates the effects in Pro Forma I and the following:-

The Pro Forma Consolidated Statements of Financial Position have illustrated the redemption of 132,604,152 RPS at RM1.00 each.

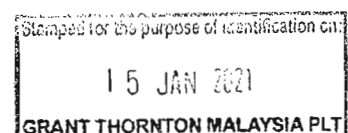
(iii) Pro Forma III: Full Exercise of Warrants

Pro Forma III incorporates the effects in Pro Forma I to II and the following:-

For illustration purposes, the Pro Forma Consolidated Statements of Financial Position have assumed full exercise of 331,510,380 Warrants at an exercise price of RM0.90 each.

The proceeds arising from the Full Exercise of Warrants amounting to RM298,359,342 are expected to be fully utilised for working capital requirement of Insas Group, as and when the Warrants are exercised, within the tenure of the Warrants. As such, the exact timeframe for utilisation of the gross proceeds is not determinable at this juncture.

The new ordinary shares of Insas to be issued pursuant to the Full Exercise of Warrants shall, upon allotment and issue, rank pari passu in all respects with the existing ordinary shares of Insas, except that they will not be entitled to any dividends, rights, allotments and/or any other distributions, the entitlement date of which is prior to the date of allotment of the new ordinary shares.



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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020 (CONT'D)

MAXIMUM SCENARIO (CONT'D)

3. **NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020**

3.1 **DEPOSITS WITH LICENSED BANKS AND FINANCIAL INSTITUTIONS**

The movements of the deposits with licensed banks and financial institutions are as follows:-

	RM'000
As at 30 September 2020	470,652
Arising from Rights Issue of RPS with Free Warrants	132,604
Arising from repayment of bridging loan	(130,854)
Arising from corporate exercise expenses	(1,750)
Arising from dividend on RPS	(25,195)
	445,457
As per Pro Forma I	445,457
Arising from Redemption of RPS	(132,604)
	312,853
As per Pro Forma II	312,853
Arising from Full Exercise of Warrants	298,359
	611,212
As per Pro Forma III	611,212

3.2 **SHARE CAPITAL**

The movements of the share capital are as follows:-

	Number of <u>Shares</u>	<u>Amount</u>
	Unit ('000)	RM'000
As at 30 September 2020/As per Pro Forma I	693,348	873,700
Arising from Redemption of RPS	-	132,604
	693,348	1,006,304
As per Pro Forma II	693,348	1,006,304
Arising from Full Exercise of Warrants	331,510	303,377
	1,024,858	1,309,681
As per Pro Forma III	1,024,858	1,309,681

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020 (CONT'D)

MAXIMUM SCENARIO (CONT'D)

3. **NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020 (CONT'D)**

3.3 **RESERVES**

The movements of the reserves are as follows:-

	Exchange translation reserve RM'000	Warrant reserves RM'000	Other reserves* RM'000	Total RM'000
As at 30 September 2020	31,580	-	88,450	120,030
Arising from fair value adjustment on Rights Issue of RPS with Free Warrants	-	5,018	-	5,018
As per Pro Forma I to II	31,580	5,018	88,450	125,048
Arising from Full Exercise of Warrants	-	(5,018)	-	(5,018)
As per Pro Forma III	31,580	-	88,450	120,030

* Consists of Insas Group's equity share of certain associate companies' capital and other reserves and a subsidiary company's other reserve.

3.4 **RETAINED EARNINGS**

The movements of the retained earnings are as follows:-

	RM'000
As at 30 September 2020	832,177
Arising from dividend on RPS	(25,195)
Arising from reversal of fair value adjustment, net of tax on Rights Issue of RPS with Free Warrants	(5,018)
Arising from corporate exercise expenses	(1,750)
As per Pro Forma I	800,214
Arising from Redemption of RPS	(132,604)
As per Pro Forma II to III	667,610

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020 (CONT'D)

MAXIMUM SCENARIO (CONT'D)

3. **NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020 (CONT'D)**

3.5 **LOANS AND BORROWINGS**

The movements of the loans and borrowings are as follows:-

	<u>Current</u> RM'000	<u>Non-current</u> RM'000	<u>Total</u> RM'000
As at 30 September 2020	341,043	20,011	361,054
Arising from repayment of bridging loan	(130,854)	-	(130,854)
As per Pro Forma I to III	<u>210,189</u>	<u>20,011</u>	<u>230,200</u>

3.6 **DEFERRED TAX LIABILITIES**

The movements of the deferred tax liabilities are as follows:-

	RM'000
As at 30 September 2020	5,551
Arising from fair value adjustment on Rights Issue of RPS with Free Warrants	1,585
Arising from reversal of fair value adjustment on Rights Issue of RPS with Free Warrants	(1,585)
As per Pro Forma I to III	<u>5,551</u>

3.7 **RPS**

The movements of the RPS are as follows:-

	RM'000
As at 30 September 2020	-
Arising from Rights Issue of RPS with Free Warrants, at fair value	126,001
Arising from reversal of fair value adjustment on Rights Issue of RPS with Free Warrants	6,603
As per Pro Forma I	132,604
Arising from Redemption of RPS	(132,604)
As per Pro Forma II to III	<u>-</u>