

INSAS BERHAD (“INSAS” OR “COMPANY”)

- **PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 132,604,152 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 (“INSAS SHARES” OR “SHARES”) AT AN ISSUE PRICE OF RM1.00 PER RIGHTS RPS (“PROPOSED RIGHTS ISSUE WITH WARRANTS”); AND**
- **PROPOSED AMENDMENTS TO THE CONSTITUTION OF INSAS (“PROPOSED AMENDMENTS”)**

(COLLECTIVELY, THE “PROPOSALS”)

1. INTRODUCTION

On behalf of the Board of Directors of Insas (“**Board**”), M&A Securities Sdn Bhd (“**M&A Securities**”), a wholly-owned subsidiary of Insas, wishes to announce that the Company intends to undertake the Proposals.

Further details of the Proposals are set out in Section 2 below.

2. DETAILS OF THE PROPOSALS

2.1 Proposed Rights Issue with Warrants

Insas is proposing to undertake a 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 Insas Shares held on the entitlement date to be determined later at an issue price of RM1.00 per Rights RPS.

As at 7 July 2020, being the latest practicable date prior to this announcement (“**LPD**”), the Company has 30,327,291 Shares held as treasury shares. The Board does not intend to resell the treasury shares into the open market prior to the implementation of the Proposed Rights Issue with Warrants.

The actual number of Rights RPS and Warrants to be issued pursuant to the Proposed Rights Issue with Warrants will depend on the number of issued shares of the Company on the entitlement date for the Proposed Rights Issue with Warrants.

The Rights RPS together with the Warrants will be offered to the entitled shareholders of Insas whose names appear in the Record of Depositors of the Company at the close of business on the entitlement date which will be determined after obtaining the approvals from all relevant authorities and the shareholders of the Company.

The Warrants attached to the Rights RPS will be issued free to each entitled shareholder based on his entitlement to the Proposed Rights Issue with Warrants and upon the acceptance and subscription of his Rights RPS entitlements.

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

2.1.1 Renunciation of the Rights RPS

The Proposed Rights Issue with Warrants is renounceable in full or in part. Accordingly, entitled shareholders can subscribe for and/or renounce their entitlements to the Rights RPS in full or in part.

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 Malaysia Securities Berhad ("**Bursa Securities**"). The renunciation of the Rights RPS by the entitled shareholders will accordingly entail the renunciation of the Warrants to be issued together with the Rights RPS pursuant to the Proposed Rights Issue with Warrants. If the entitled shareholder decides to accept only part of his Rights RPS entitlements, he shall be entitled to the Warrants in the proportion of his acceptance and subscription of his Rights RPS entitlements. For the avoidance of doubt, the Rights RPS and the Warrants are not separately renounceable.

Any Rights RPS with Warrants which are not taken up or validly taken up will be made available for excess applications by the other entitled shareholders and/or their renounees (if applicable). It is the intention of the Board to allocate the excess applications received for the Rights RPS, if any, in a fair and equitable manner and on a basis to be determined by the Board.

2.1.2 Pricing of the Rights RPS and the Warrants

The Board has proposed to fix the issue price of the Rights RPS at RM1.00 per Rights RPS after taking into consideration:-

- (i) the funding requirements of the Insas group of companies' ("**Insas Group**" or "**Group**");
- (ii) the dividend rate of 3.8% per annum on the issue price of the Rights RPS; and
- (iii) the tenure of the Rights RPS which is 5 years.

The issue price of RM1.00 for each Rights RPS represents a premium of 43.29% to the 5-day volume weighted average market price ("**5D-VWAP**") of Insas Shares up to the LPD, of RM0.6979.

The exercise price of the Warrants shall be determined and announced by the Board at a later date prior to the announcement of the entitlement date for the Proposed Rights Issue with Warrants, after taking into consideration, amongst others, the theoretical ex-all price of Insas Shares based on the 5D-VWAP of Insas Shares up to and including the last trading day prior to the price-fixing date.

The Board intends to fix the exercise price of the Warrants at the market price based on the 5D-VWAP of Insas Shares. This will be determined by the Board after taking into consideration the general market sentiment, market volatility and market price of Insas Shares immediately prior to price-fixing date.

For illustration only, assuming an exercise price of RM0.70 per Warrant, the said exercise price represents a premium of RM0.0021 and RM0.0014 (approximately 0.30% and 0.20%) to the 5D-VWAP and the theoretical ex-all price of Insas Shares of RM0.6979 and RM0.6986, respectively.

The Board is of the opinion that the:-

- (a) pricing of the issue price of the Rights RPS is fair and reasonable after taking into consideration the dividend rate represented by the issue price of the Rights RPS and the number of Warrants which are attached together with the Rights RPS being reasonably attractive to encourage the entitled shareholders to subscribe for their respective entitlements and the pricing of the issue price of the Rights RPS together with the total number of Rights RPS to be issued is sufficient to meet the Group's funding requirements; and
- (b) methodology for the pricing of the exercise price of the Warrants is fair and reasonable after taking into consideration that the Warrants will be issued at no cost to the entitled shareholders.

2.1.3 Ranking of the Rights RPS, the Warrants and the new Insas Shares to be issued arising from the exercise of the Warrants

The Rights RPS shall rank equally 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 of Insas.

The new Insas Shares to be issued pursuant to the exercise of the Warrants shall, upon allotment and issuance, rank equally in all respects with the then existing Insas Shares, save and except that such new Insas Shares will not entitle its holders any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the shareholders of the Company prior to the relevant date of allotment of the new Insas Shares 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 Insas until and unless the Warrant holders exercise their Warrants for new Insas Shares.

2.1.4 Minimum subscription level, undertakings by shareholders of the Company and underwriting arrangements

Insas intends to raise a minimum of RM65.00 million from the Proposed Rights Issue with Warrants to meet its funding requirements, which will be channelled towards the proposed utilisation as set out in Section 2.1.7. As such, the Proposed Rights Issue with Warrants will be undertaken on a minimum subscription level. The minimum subscription level would involve 65,000,000 Rights RPS together with 162,500,000 Warrants, to arrive at RM65.00 million.

The minimum subscription level will be met via the following:-

- (i) Irrevocable written undertakings from the following shareholders (collectively, the "**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 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) Immobillaire 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;

(Collectively, "Undertaking Shareholders' Subscriptions")

- (ii) Underwriting arrangement of RM20.00 million to be procured. Based on the issue price of RM1.00 per Rights RPS, the underwriter(s) will be required to underwrite 20,000,000 Rights RPS together with 50,000,000 Warrants.

A summary of the undertakings mentioned in sub-paragraph (i) above is set out below:

Undertaking Shareholders	Direct shareholdings as at the LPD^(a)		Undertakings		Additional Undertaking	
	No. of Shares	%	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	16,963,066	42,407,665
M&A Investments International Limited	96,749,534	14.59	15,000,000	37,500,000	-	-
M&A Investments Pte Ltd	27,670,755	4.17	5,000,000	12,500,000	-	-
Immobillaire Holdings Sdn Bhd	13,538,635	2.04	2,700,000	6,750,000		
Baktihan Sdn Bhd	21,746,400	3.28	4,300,000	10,750,000		
Total	164,890,002	24.86	28,036,934	70,092,335	16,963,066	42,407,665

Undertaking Shareholders	Total undertakings			Subscription amount pursuant to undertakings
	No. of Rights RPS	No. of Warrants	%^(b)	RM
Dato' Sri Thong Kok Khee	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	45,000,000	112,500,000	33.93	45,000,000

Notes:-

- (a) Based on the total number of issued shares of 663,020,762 Insas Shares (excluding treasury shares) as at the LPD.
- (b) Based on 132,604,152 Rights RPS and 331,510,380 Warrants available for subscription pursuant to the Proposed Rights Issue with Warrants.

The Company confirms that upon completion of the Proposed Rights Issue with Warrants, the resultant shareholdings of the Undertaking Shareholders will not give rise to any consequences 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 Insas increases 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 Insas 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 Proposed Rights Issue with Warrants, seek an exemption from the obligation to undertake a mandatory offer for all the remaining Insas Shares not held by them that may arise pursuant to their exercise of the Warrants.

2.1.5 Indicative Salient Terms of the Rights RPS

The indicative salient terms of the Rights RPS are set out in the following Table 1:-

Table 1: Indicative Salient Terms of the Rights RPS

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 RPS holders. If such date is not a market day, then it shall be the next market day immediately after the said non-market day.
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.
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.

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The dividends for the Rights RPS shall be paid 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 the day (inclusive) the payment to be made on either 31st December 2020 or 30th June 2021 (whichever is earlier) on which dividend be paid when, as and if declared by the Board. The successive dividend period is calculated from the date immediately after the last payment date (i.e. 1st January or 1st July) to the next payment date (i.e. 30th June or 31st December). The last dividend period shall be calculated from the date immediately after the last payment date to the Maturity Date, with the payment to be made not later than 14 market days from the Maturity Date.

In the event any dividend is not paid in full (whether or not declared by the 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 the 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 the 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 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 last dividend payment 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 the 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 equally 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 of Insas. The 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 the Company, junior to the Rights RPS, in each case without the prior approval of the RPS holders and the creation or issue by the 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.

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The Company shall not create or issue any other shares ranking as to participation in the profits or the assets of the 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 RPS holders the right to participate in any profits of the 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 7 market days must be given.

Any redemption of the Rights RPS shall not prejudice the rights of 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 the Company or surrendered by the RPS holders at the Maturity Date shall be redeemed by the Company at 100% of the issue price of the Rights RPS.

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

Method of Redemption : The 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 7 market days' notice in writing must be given.

Surrender of Rights RPS for the exercise of the Warrants : The Rights RPS may be surrendered by the Warrant holders at 100% of the issue price of the Rights RPS for the exercise of the Warrants in lieu of the exercise price of the Warrants.

In the event any Warrant holder who still holds the Rights RPS intends to pay the exercise price of the Warrants by way of surrendering the Rights RPS to Insas, the Rights RPS shall be redeemed by Insas and the Rights RPS shall be cancelled.

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 of the Rights RPS shall be repaid by Insas to the RPS holder within 1 month from the date the Warrant holder exercising his Warrant, by way of cheque or such other method as the Board may specify.

Rights of the RPS holders : The RPS holders shall have the same rights as ordinary shareholders as regards to receiving notices, reports and audited financial statement and attending general meetings of the Company. The RPS holders however are not entitled to any voting rights in the Company except in the following circumstances:-

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- (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 the Company's share capital;
- (c) on a proposal for the disposal of the Group's assets, business and undertakings in excess of 50% of the total assets of the Group based on its 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 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 RPS holders shall have the right to receive notice of, attend, speak and vote at such general meetings, and where each Rights RPS entitles the registered RPS holder to 1 vote at the 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 RPS holders).

Liquidation distributions

: 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 the Company (other than pursuant to a permitted reorganisation) before any redemption of the Rights RPS:-

- (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.
- (b) In the event that Insas has insufficient assets to permit payment to the RPS holder 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 RPS holders in proportion to the amount that each RPS holder would otherwise be entitled to receive.

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Covenants	: The Company covenants to the RPS holders that the Group's total borrowings shall not exceed 2 times the amount of its shareholders' funds as disclosed in its latest published quarterly financial statements.
Transferable	: The Rights RPS shall be transferable in accordance with the Rules of Bursa Malaysia Depository Sdn Bhd.
Listing	: The Rights RPS will be listed on the Main Market of Bursa Securities.
Governing Law	: Laws of Malaysia

2.1.6 Indicative Salient Terms of the Warrants

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

Terms	Details
Issue Size	: 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 Proposed Rights Issue with Warrants.
Detachability	: The Warrants which are to be issued pursuant to the Proposed Rights Issue with Warrants are immediately detachable upon allotment and issue of the Rights RPS. The Warrants will be traded separately.
Deed Poll	: The Warrants will be constituted by the Deed Poll to be executed by Insas.
Exercise Price	: The exercise price of the Warrants shall be determined by the Board at a later date after obtaining the relevant approvals but prior to the entitlement date of the Proposed Rights Issue with Warrants. The exercise price and the number of outstanding Warrants shall be subject to adjustments in accordance with the terms and provisions of the Deed Poll during the Exercise Period.
Exercise Period	: The Warrants may be exercised at any time during the tenure of 5 years including and 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 next market day immediately after 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 the Company's share registrar, duly completed and signed together with payment of the Exercise Price by banker's draft or cashier's order drawn on a bank or post office operating in Malaysia.

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Alternatively, the holders of the Rights RPS who are also holders of the Warrants may surrender the Rights RPS to Insas for the exercise of the Warrants in lieu of the exercise price of the Warrants upon which the Rights RPS shall be redeemed by Insas and the Rights RPS shall be cancelled. The exercise of the Warrants by the Warrant holders who are also RPS holders will still require the exercise form to be lodged by the Warrant holders with the Company's share registrar, duly completed and signed but will not require any cash payment.

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 of the Rights RPS shall be repaid by Insas to the RPS holder within 1 month from the date the Warrant holder exercising his Warrant, by way of cheque or such other method as the Board may specify.

- Exercise Rights : Each Warrant entitles the registered Warrant holder to subscribe for 1 new Insas Share at the Exercise Price during the Exercise Period and shall be subject to adjustments in accordance with the provisions of the Deed Poll, which is to be executed.
- Mode of Transfer : The Warrants are transferable by an instrument of transfer in the usual or common form or such other form as the Board and Bursa Securities may approve.
- 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 allotment and issuance rank equally in all respects with the 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 the shareholders of the Company 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 the 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 the Company, or where there is a compromise or arrangement, then:-
- (a) For the purpose of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the Warrant holders or some persons designated by them for such purposes by a special

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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 the 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 the 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 the 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 the Company will give effect to such election accordingly. If the 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 holder : 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.
- Adjustments in the exercise price and/or number of Warrants : The Exercise Price and/or the number of Warrants held by each Warrant holder may from time to time be adjusted in the event of any alteration to the share capital of the Company in accordance with the provisions as set out in the Deed Poll.
- Further Issues : Subject to the provisions of the Deed Poll, the 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 the 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 the Company in general meeting.
- Listing : The Warrants will be listed on the Main Market of Bursa Securities.
- Governing Law : Laws of Malaysia.

2.1.7 Utilisation of Proceeds

Based on an issue price of RM1.00 per Rights RPS, the Company expects to raise gross proceeds of RM65.00 million (under the Minimum Scenario) and approximately RM132.60 million (under the Maximum Scenario) from the Proposed Rights Issue with Warrants, which will be utilised in the following manner:-

Purpose	Minimum Scenario	Maximum Scenario	Expected time frame for utilisation of proceeds from date of listing of the Rights RPS
	RM'000	RM'000	
Repayment of bridging loans	63,250 ⁽ⁱ⁾	130,854 ⁽ⁱ⁾	Within 6 months
To defray estimated expenses relating to the Proposals	1,750 ⁽ⁱⁱ⁾	1,750 ⁽ⁱⁱ⁾	Within 1 month
	65,000	132,604	

Minimum Scenario : Assuming none of the entitled shareholders subscribe for their entitlements, the Undertaking Shareholders subscribe for their Undertaking Shareholders' Subscriptions and underwriting arrangement of RM20.00 million is procured

Maximum Scenario : Assuming all entitled shareholders subscribe for their respective entitlements

Notes:-

- (i) The proceeds from the Proposed Rights Issue with Warrants is proposed to be utilised primarily to repay the Group's bridging loans (consisting entirely of revolving credits facilities) which were used to fully redeem the Company's 132,601,268 redeemable preference shares ("RPS-A") at a redemption price of RM1.00 per RPS-A on 25 February 2020. As at 30 June 2020, the outstanding balance for the Group's bridging loans used to redeem the RPS-A is RM132.60 million. Through the repayment of the abovesaid bridging loans, the Group expects to generate interest savings of approximately RM5.50 million per annum based on annual interest rates ranging between 3.87% and 4.59%.
- (ii) The estimated expenses consist of professional fees, fees payable to authorities, underwriting fee, expenses to convene the extraordinary general meeting, printing, advertising and other incidental expenses in relation to the Proposals. If the actual expenses incurred are higher than the budgeted amount, the deficit will be funded from the Group's working capital. Conversely, any surplus of funds following payment of expenses will be utilised to repay the Group's remaining outstanding bridging loans mentioned in paragraph (i) above.

Pending utilisation of the proceeds from the Proposed 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 the Board, in its absolute discretion, deems fit and in the best interest of the Group. The interest income derived from the short-term placements will be used as additional working capital of the Group.

The exact quantum of gross proceeds to be raised by Insas from the exercise of the Warrants is dependent on the exercise price and the actual number of Warrants exercised during the tenure of the Warrants. For illustration only, assuming an exercise price of RM0.70 per Warrant, the proceeds potentially to be raised from the exercise of the Warrants is RM113.75 million and RM232.06 million, under the Minimum Scenario and Maximum Scenario, respectively and as and when the Warrants are exercised, will be used as additional working

capital for the Group. The proceeds to be utilised for working capital and its timeframe is subject to the Group's operating requirements at the time of utilisation and therefore cannot be determined at this juncture.

2.2 Proposed Amendments

Insas proposes to amend its Constitution to facilitate the creation and issuance of the Rights RPS pursuant to the Proposed Rights Issue with Warrants so as to comply with the provisions of the Companies Act 2016.

3. RATIONALE OF THE PROPOSALS

3.1 Proposed Rights Issue with Warrants

The Company proposes to utilise the proceeds primarily to repay the Group's bridging loans (consisting entirely of revolving credits facilities) aggregating RM132.60 million which was used to fully redeem the Company's RPS-A on 25 February 2020. The proposed repayment is expected to result in interest savings of approximately RM5.50 million per annum based on annual interest rates ranging between 3.87% and 4.59%. The Proposed Rights Issue with Warrants allows the Company to replace the bridging loans with the redeemable preference shares for the medium to long term tenure at a pre-determined 3.8% rate which is more competitive as compared to other means of financing such as bank borrowings. The redeemable preference shares is unsecured, not subject to annual or periodic review by financial institutions and is redeemable only at the option of the Company which is favourable, especially under the prevailing uncertain global economic and market conditions resulting from the Covid-19 pandemic crisis.

The issuance of the Rights RPS with Warrants will not have an immediate dilution effect on the percentage shareholdings and earnings per share of the Company as the Rights RPS is not convertible into Insas Shares. The entitled shareholders who renounce and/or do not subscribe in full for their entitlements to the Proposed Rights Issue with Warrants will not encounter an immediate dilution effect on their percentage shareholdings in the Company until such time when the Warrants are exercised into new Insas Shares.

The dividend rate of the Rights RPS under the Proposed 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 Insas Shares and the 1 year fixed deposit rates offered by financial institutions. In addition, the cumulative dividend feature of the Rights RPS will provide the entitled shareholders with a regular fixed and consistent income 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. The Warrants which are attached together with the Rights RPS are intended to provide an added incentive to the entitled shareholders to subscribe for their respective entitlements under the Proposed Rights Issue with Warrants as it provides the entitled shareholders with an opportunity to increase their equity participation in the Company, at a predetermined price during the tenure of the Warrants. The Proposed Rights Issue with Warrants allows the 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 the Company to raise further proceeds from the equity market.

Based on the above and after taking into consideration other options available, the Board is of the view that the Proposed Rights Issue with Warrants is in the best interest of the Company and its shareholders.

3.2 Proposed Amendments

The Proposed Amendments are to facilitate the implementation of the Proposed Rights Issue with Warrants.

4. EFFECTS OF THE PROPOSALS

The Proposed Amendments will not have any effect on the issued share capital, substantial shareholders' shareholdings, net asset ("NA"), gearing, earnings and convertible securities of the Company.

4.1 Share capital

Until the Warrants to be issued together with the Rights RPS under the Proposed Rights Issue with Warrants are exercised, the issuance of the Warrants will not have an immediate effect on the issued share capital of the Company. The pro forma effects of the Proposed Rights Issue with Warrants on the share capital are set out below:-

Minimum Scenario : Assuming none of the entitled shareholders subscribe for their entitlements, the Undertaking Shareholders subscribe for their Undertaking Shareholders' Subscriptions and underwriting arrangement of RM20.00 million is procured

Maximum Scenario : Assuming all entitled shareholders subscribe for their respective entitlements

	Minimum Scenario		Maximum Scenario	
	No. of shares '000	RM'000	No. of shares '000	RM RM'000
Issued share capital as at the LPD	663,021 ^(a)	859,201	663,021 ^(a)	859,201
After the Proposed Rights Issue with Warrants	-	-	-	-
Shares to be issued assuming full exercise of the Warrants	162,500	113,750 ^(b)	331,510	232,057 ^(b)
Enlarged share capital	825,521	972,951	994,531	1,091,258

Notes:-

(a) Net of 30,327,291 treasury shares.

(b) For illustration purposes, assuming the exercise price of the Warrant is RM0.70 per Warrant.

4.2 Earnings

The proceeds of the Proposed Rights Issue with Warrants is proposed to be utilised to primarily repay the Group's bridging loans which were used to redeem the Company's RPS-A on 25 February 2020 amounting to RM132.60 million. The proposed repayment is expected to result in interest savings of approximately RM5.50 million per annum based on annual interest rates ranging between 3.87% and 4.59%.

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

4.3 NA and gearing

The pro forma effects of the Proposed Rights Issue with Warrants and assuming full exercise of the Warrants on the consolidated NA and gearing of Insas based on the Company's latest audited consolidated financial position as at 30 June 2019, assuming the Proposed Rights Issue with Warrants was completed on that date, are set out below:-

Minimum Scenario : **Assuming none of the entitled shareholders subscribe for their entitlements, the Undertaking Shareholders subscribe for their Undertaking Shareholders' Subscriptions and underwriting arrangement of RM20.00 million is procured**

	Audited as at 30 June 2019	After subsequent event ^(b)	After the Proposed Rights Issue with Warrants	Upon redemption of the Rights RPS	Assuming full exercise of Warrants ⁽ⁱ⁾
	RM'000	RM'000	RM'000	RM'000	RM'000
Share capital	741,085	873,700	873,700	938,700	1,056,436
Treasury shares	(14,499)	(14,499)	(14,499)	(14,499)	(14,499)
Exchange translation reserve	33,721	33,721	33,721	33,721	33,721
Other reserves	81,848	81,848	81,848	81,848	81,848
Warrant reserve	4,622	-	3,986 ^(e)	3,986	-
Retained earnings	892,581	759,218 ^(c)	741,132 ^(f)	676,132 ^(h)	676,132
Shareholders' equity	1,739,358	1,733,988	1,719,888	1,719,888	1,833,638
No. of ordinary shares ('000)	663,006 ^(a)	663,021 ^(a)	663,021 ^(a)	663,021 ^(a)	825,521 ^(a)
NA per ordinary share (RM)	2.62	2.62	2.59	2.59	2.22
Interest bearing debts ^(j)	514,759	517,254 ^(d)	519,004 ^(g)	454,004 ^(h)	454,004
Gearing (times)	0.30	0.30	0.30	0.26	0.25

Notes:

- (a) Net of 30,327,291 treasury shares.
- (b) 132,601,268 RPS-A was redeemed on 25 February 2020 and 14,420 warrants was exercised into new Shares between 30 June 2019 and 25 February 2020 (being the expiry date of the said warrants).
- (c) After taking into account for reversal of fair value adjustment, net of tax on RPS-A amounting to RM1.90 million, de-recognition of warrant reserve on expiry amounting to RM4.62 million, total dividends paid on RPS-A amounting to RM3.50 million and the effect of Section 72(4)(a) and 72(5) of the Companies Act 2016, wherein RPS-A was fully redeemed out of profits by using bank borrowings, a sum equal to the amount of the RPS-A redeemed having been transferred to the share capital account amounting to RM132.60 million.
- (d) After taking into account reversal of fair value adjustment on RPS-A amounting to RM2.50 million.
- (e) After accounting for the fair value adjustment on Rights RPS of RM3.99 million.

- (f) After deducting estimated expenses of RM1.75 million, reversal of fair value adjustment, net of tax on Rights RPS amounting to RM3.99 million and total dividends to be paid on the Rights RPS amounting to RM12.35 million.
- (g) 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 the Group's bridging loans.
- (h) Assuming the Rights RPS is redeemed out of profits by using internally generated funds.
- (i) Assuming an exercise price of RM0.70 per Warrant.
- (j) Interest bearing debts includes redeemable preference shares. The Rights RPS is classified as interest bearing debts.

Maximum Scenario : Assuming all entitled shareholders subscribe for their respective entitlements

	Audited as at 30 June 2019	After subsequent event^(b)	After the Proposed Rights Issue with Warrants	Upon redemption of the Rights RPS	Assuming full exercise of Warrants⁽ⁱ⁾
	RM'000	RM'000	RM'000	RM'000	RM'000
Share capital	741,085	873,700	873,700	1,006,304	1,246,494
Treasury shares	(14,499)	(14,499)	(14,499)	(14,499)	(14,499)
Exchange translation reserve	33,721	33,721	33,721	33,721	33,721
Other reserves	81,848	81,848	81,848	81,848	81,848
Warrant reserve	4,622	-	8,132 ^(e)	8,132	-
Retained earnings	892,581	759,218 ^(c)	724,141 ^(f)	591,537 ^(h)	591,537
Shareholders' equity	1,739,358	1,733,988	1,707,043	1,707,043	1,939,101
No. of ordinary shares ('000)	663,006 ^(a)	663,021 ^(a)	663,021 ^(a)	663,021 ^(a)	994,531 ^(a)
NA per ordinary share (RM)	2.62	2.62	2.57	2.57	1.95
Interest bearing debts ^(j)	514,759	517,254 ^(d)	519,004 ^(g)	386,400 ^(h)	386,400
Gearing (times)	0.30	0.30	0.30	0.23	0.20

Notes:

- (a) Net of 30,327,291 treasury shares.
- (b) 132,601,268 RPS-A was redeemed on 25 February 2020 and 14,420 warrants was exercised into new Shares between 30 June 2019 and 25 February 2020 (being the expiry date of the said warrants).
- (c) After taking into account for reversal of fair value adjustment, net of tax on RPS-A amounting to RM1.90 million, de-recognition of warrant reserve on expiry amounting to RM4.62 million, total dividends paid on RPS-A amounting to RM3.50 million and the effect of Section 72(4)(a) and 72(5) of the Companies Act 2016, wherein RPS-A was fully redeemed out of profits by using bank borrowings, a sum equal to the amount of the RPS-A redeemed having been transferred to the share capital account amounting to RM132.60 million.

- (d) After taking into account reversal of fair value adjustment on RPS-A amounting to RM2.50 million.
- (e) After accounting for the fair value adjustment on Rights RPS of RM8.13 million.
- (f) After deducting estimated expenses of RM1.75 million, reversal of fair value adjustment, net of tax on Rights RPS amounting to RM8.13 million and total dividends to be paid on the Rights RPS amounting to RM25.20 million.
- (g) 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 Rights RPS and the RM130.85 million of the proceeds to repay the Group's bridging loans.
- (h) Assuming the Rights RPS is redeemed out of profits by using internally generated funds.
- (i) Assuming an exercise price of RM0.70 per Warrant.
- (j) Interest bearing debts includes redeemable preference shares. The Rights RPS is classified as interest bearing debts.

4.4 Substantial shareholders' shareholdings

The Proposed Rights Issue with Warrants will not have any effect on the substantial shareholders' shareholdings as the Rights RPS is not convertible into Insas Shares. However, assuming all entitled shareholders subscribe in full for their entitlements and exercise their Warrants in full, there will be no effect to the percentage shareholdings of the shareholders, but the number of Insas Shares held by each shareholder will increase proportionately.

The pro forma effects of the Proposed Rights Issue with Warrants on the substantial shareholders' shareholdings assuming none of the entitled shareholders subscribe for their entitlements and only the Undertaking Shareholders subscribe for their Undertaking Shareholders' Subscriptions is set out below:-

Substantial shareholder	Shareholdings as at the LPD ^(a)				I After the Proposed 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	-	-
Underwriter(s)	-	-	-	-	-	-	-	-

Substantial shareholder	II Assuming full exercise of Warrants			
	←-----Direct-----→		←-----Indirect-----→	
	No. of Shares	%	No. of Shares	%
Dato' Sri Thong Kok Khee	50,184,678	6.08 ^(d)	228,380,284 ^(b)	27.66 ^(d)
Dato' Thong Kok Yoon	43,358,813	5.25 ^(d)	41,594,835 ^(c)	5.04 ^(d)
M&A Investments International Limited	134,249,534	16.26 ^(d)	-	-
Underwriter(s)	50,000,000	6.06 ^(d)	-	-

Notes:-

- (a) Calculated based on 663,020,762 Insas Shares (excluding 30,327,291 treasury shares) as at the LPD.
- (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 Insas and his substantial interest in M&A Investments International Limited, M&A Investments Pte Ltd, Immobillaire 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 in Insas and his substantial interest in Baktihan Sdn Bhd, Titan Express 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.

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4.5 Convertible Securities

As at the LPD, the Company does not have any outstanding convertible securities.

5. APPROVALS REQUIRED

The Proposals are subject to the following approvals being obtained:-

- (i) Bursa Securities for the:
 - admission of the Rights RPS and the Warrants to the Official List;
 - listing of and quotation for the Rights RPS and the Warrants; and
 - listing of and quotation for new Insas Shares to be issued arising from the exercise of the Warrants;
- (ii) shareholders of Insas at an extraordinary general meeting to be convened to approve the Proposals; and
- (iii) any other relevant authorities and/or persons, if required.

The Proposed Rights Issue with Warrants and the Proposed Amendments are inter-conditional upon each other.

6. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

None of the Directors and/or major shareholders of the Company, and/or persons connected with them have any interest, direct or indirect, in the Proposed Rights Issue with Warrants and Proposed Amendments, other than their respective entitlements to subscribe for the Rights RPS under the Proposed Rights Issue with Warrants, to which all shareholders of Insas are entitled to, including the right to apply for excess Rights RPS.

7. DIRECTORS' STATEMENT

The Board, having considered all aspects of the Proposals, is of the opinion that the Proposed Rights Issue with Warrants and the Proposed Amendments are in the best interest of Insas.

8. ESTIMATED TIMEFRAME FOR SUBMISSION AND COMPLETION

The Proposals are expected to be submitted to the relevant authorities within 2 months from the date of this announcement.

Barring any unforeseen circumstances and subject to obtaining all the required approvals, the Proposals are expected to be completed by the second half of 2020.

This announcement is dated 9 July 2020.