



**INSAS BERHAD**

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

**Key Matters Discussed at the 59<sup>TH</sup> Annual General Meeting of Insas Berhad held on 2 December 2021**

No.	Questions raised by shareholders/proxy	The Company's responses
1.	When will the Board of Directors ("the Board") implement the ESOS which was approved in EGM held on 23 Dec 2020?	The Board intends to implement the ESOS allocation in the first quarter of 2022.
2.	<p>The Share Buy Back Statement this year mentions that the Board is mindful of the potential implications of the Code and intend to monitor closely the share buy-back such that it will not cause any party to trigger the obligation to undertake a mandatory offer pursuant to the Code.</p> <p>This is different from the Statement two years ago, which mentioned that INSAS does not intend to undertake the share buy back such that it will trigger any obligation on the major shareholders and/or person acting in concert ("PAC") but it also added that the major shareholders could make the necessary application to the Securities Commission for waiver.</p> <p>Does this mean that there will be no share buy back if the major shareholders do not apply for a waiver?</p> <p>Why has there been no share buy back for the past many years, especially when the shares are severely undervalued?</p> <p>When will the Board, Dato' Sri Thong and PAC seek and table a Share Buy Back MGO waiver for shareholder approval?</p>	The Board has not received any notice from any Major Shareholders and PACs on the proposed waiver application. In the event such notice is received, the Board will announce the waiver application to Bursa. The waiver application will be subjected to the approval of the relevant authorities and non-interested shareholders of the Company at an Extraordinary General Meeting to be held.

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	<p>Propose that INSAS request the major shareholders to apply a waiver to allow INSAS to buy back shares in the market.</p>	
3.	<p>a) INSAS last Share Buy Back was on 16 Jan 2015 and the last Share Dividend on the basis of one (1) Treasury Share for every fifty (50) existing ordinary shares was on 29 Feb 2012. Currently INSAS holds 30,327,291 treasury shares, will the Board kindly approve a Share Dividend again?</p> <p>b) To propose INSAS to introduce a formal dividend policy of at least say 30%-40% of the annual profit after tax to attract some institutional following.</p> <p>For the year ended 30 June 2021, Insas made a profit after tax of RM242 million and an assumed 2.5 sen dividend representing a payout of less than 7%.</p> <p>This is clearly inadequate shareholder reward.</p> <p>c) Will INSAS declare higher dividend rate based on the achievements in FY2021 or give a Special Benevolent Covid-19 Relief Dividend beside the normal dividend?</p>	<p>a) The Board will evaluate and consider the merit and demerit of the Share Dividend as suggested by shareholders.</p> <p>b) The Board understands the suggestion of shareholders to have a formal dividend policy. However, the Board is mindful of the profit and cashflow volatility due to the nature of Group's businesses and the uncertain economic outlooks under the current challenging Covid-19 pandemic circumstances and as such, the Board believes it is prudent for the Company to retain excess earnings to sustain any unforeseen downturn in the economy, to fund future growth internally and to fund the availability of good and profitable investment opportunities. The Board will continuously consider, evaluate and propose the appropriate dividend pay-outs to shareholders, taking into consideration of various factors such as earnings, debts, risks, growth and potential investment opportunities.</p> <p>c) Insas' PAT for FY2021 was mainly derived from unrealized mark to market gain on financial assets, disposal of some Inari shares and a substantial one-off capital gain from the disposal of unquoted investment in Sengenics. The Board, after careful consideration and taking into account of matters raised in (b) above, proposed a 2.5 sen per share cash dividend which the Board believes is a prudent and cautious financial management under the current Covid-19 pandemic.</p> <p>The Board will review and evaluate the financial performance, the availability of free cash and funding commitments of the Company and the global economic outlooks for the next 1 – 2 quarters before deciding any additional dividend that may be proposed and declared by the Company.</p>
4.	<p>From 2022 onwards IRD imposed tax on foreign income. Any impact this tax has on INSAS since INSAS still holds foreign fair value assets and bank deposits?</p>	<p>The Board will consult tax advisers on the detailed rules, regulations and implications of the proposed income tax on Malaysian residents with income derived from foreign sources and received in Malaysia from 1 January 2022. The Board will monitor closely and assess the development of this issue, and we do not foresee any material impact on the Group.</p>

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5.	Any particular reason why the sharp increase of staff costs from RM38,454,000 in FY 2020 to RM58,740,000 in FY 2021?	<p>The Board considers the management and employees are the Group's primary assets and one of the key stakeholders, and their remuneration and benefits commensurate with the financial performance of the Group companies, with the view to reward and retain loyal, good, talented and deserving employees who have contributed to the success and growth of Insas Group.</p> <p>Despite the challenging time during the Covid-19 pandemic, the management and employees have collectively worked together and delivered a vastly improved PAT of RM242 million for the FY 2021, as compared to PAT of RM15 million recorded in FY 2020.</p>
6.	Refer to Insas Annual Report 2021 page 171 Note 43(a) Disposal of the Group's Singapore car rental division. Will the disposal result in saving in staff costs and Directors remuneration?	<p>The disposal of Singapore car rental division took place in mid-February 2020, just before the beginning of Covid-19 pandemic. The disposal generated a free cash flow in excess of RM13 million for the FY 2020.</p> <p>The savings in staff costs is not material as the Singapore car rental division has been operating independently by our Singapore partner, who was founder of the Singapore car rental company, and the key cost component of car rental company is the depreciation of motor vehicles. As far as the Board can remember, none of the Insas directors receive any directors' remuneration or fees from the Singapore car rental division.</p>
7.	Ratio of Directors remunerations and numbers to total staff costs and numbers are a bit high any comment?	<p>The directors' remuneration as disclosed in Insas Annual Report 2021 Page 168 Note 41 includes salary and remuneration of Insas directors and all directors of subsidiary companies who are full time employees of the subsidiary companies.</p> <p>The Insas's directors received total remuneration amounting to RM4.6 million in FY 2021, representing 7.8% of total Group staff costs.</p>
8.	What is the progress of the proposed injection of M&A Securities Sdn Bhd into SYF?	<p>The proposed disposal of Seng Yip Furniture by SYF to Mieco Chipboard Berhad is still pending the approval of Bursa and the shareholders of SYF and Mieco.</p> <p>The proposed injection of M&amp;A into SYF is conditional, amongst others, on the completion of the proposed disposal of Seng Yip Furniture, and it will be subject to the approvals of relevant authorities and Insas shareholders at a general meeting to be held. Insas is also carrying out due diligence enquiries on the legal, financial, commercial and business affairs of SYF as stipulated in the Share Sale and Purchase Agreement dated 6 October 2021.</p>

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		The whole process is estimated to take 6 to 9 months and is expected to be completed in the third quarter of 2022.
9.	<p>Are directors attending this meeting given meeting allowances? If so how much per director?</p> <p>Are shareholders attending meeting given any meeting allowances? If so how much per shareholders?</p>	<p>Each Independent Non-Executive Director of the Company is entitled to receive a meeting allowance of RM500 for attending the AGM.</p> <p>It is not the practice of the Company to provide meeting allowance to any shareholders to attend the AGM.</p>
10.	Dear board of directors, kindly give us some e-vouchers, food vouchers or e-wallet (no discount vouchers please) for being loyal shareholders and attending this meeting. Times are bad now. Please be considerate to us shareholders during these trying times.	The meeting is being conducted on a fully virtual basis and as advised in our Administrative Guide for the 59th AGM published on Bursa website on 29 October 2021, there will be no distribution of door gifts or food vouchers for this virtual AGM.
11.	<p>You have about RM80 million foreign currency borrowing, are these funds utilized for foreign share trading &amp; investment ?</p> <p>Looking at the latest 30 September 2021 quarterly report vs audited account has improved by more than RM40 million net cash and as at 30 June 2021, Insas has more than RM900 million net cash or net cash per share of RM1.30, what are the group's plan to put this vital resources to productive use ?</p>	<p>The RM80 million foreign currency borrowings are mainly used to part finance the purchase of foreign shares and overseas properties in order to mitigate foreign currency exposure.</p> <p>The Board has been prudent and conservative and has maintained cash reserves in view of the uncertain global economies caused by the Covid-19 pandemic and the cash reserves will allow the Group to withstand any unforeseen economic downturn and to invest in any new, good and viable investment opportunities that may come along during this economic crisis.</p>
12.	Will we revert to physical AGM next year ?	The holding of physical AGM for the next financial year will be dependent on the Government and Bursa Malaysia's directives and guidelines at that material time, after taking into consideration of the Covid-19 recovery and health concern.

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13.	Despite Insas having good cash hoard of more than RM 900 million, Insas has about RM200 million borrowing of which RM 80 million is foreign borrowing. Why is Insas not using some of its cash hoard to retire or finance some of these borrowings ?	<ul style="list-style-type: none"> <li>• Foreign currency borrowings are used mainly to part finance the purchase of foreign shares and assets to mitigate foreign currency exposure to the Group.</li> <li>• The Group is monetising some of the listed shares and properties to secure credit facilities from banks, which are used as working capital for the structured finance and stock broking divisions to generate positive returns.</li> <li>• Insas's revenue and earnings are volatile, and as such, the Group needs to maintain sufficient cash reserves to meet funding requirements and to invest in any good investment opportunities that may come along.</li> </ul>
14.	Does Company have any involvement in glove manufacturing and status ?	Insas has invested 30% equity interest in the glove manufacturing company in Kulim which is involved in the manufacturing and sale of industrial and examination gloves. Despite the drop in the average selling price of examination gloves, the glove manufacturing company remains profitable for the past few months.
15.	Why is Insas involved in fashion business? Does not contribute much and is a distraction to management time	The Company had invested in the Melium Group, which is involved in fashion and F&B businesses, since 1997, and the Company currently holds 43% equity interest in Melium. Insas has representation on the Board and EXCO of Melium and attend all Board and EXCO meetings held regularly during the year but does not get involved in the day-to-day operations.
16.	Refer to Insas Annual Report 2021 Page 11 under your management discussion, under your property investment and development, you mentioned that this division is making effort to market its property portfolio, can you give us a brief run down what comprises your property portfolio ?	The properties portfolio comprises unsold apartments in Ampang Putra which were developed by Insas Group in 2010, apartments in Bandar Kinrara Puchong and shop offices and SOVOs in Bandar Bukit Jalil which were acquired for resale and rental purposes.
17.	How much did the Company spend on this virtual AGM ?	Due to confidentiality, we cannot disclose the quantum but the costs incurred to conduct virtual AGM is lower as compared to the physical AGMs held in previous years.

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18.	In 1st quarter 2022 result – The accounting treatment for Inari private placement revaluation was recorded directly to reserve instead of in profit or loss account. As the private placement has diluted Insas's % holding in Inari, it should be treated as deemed disposal and the gain/loss from the revaluation should be recorded in the P&L as per the accounting standard. Can you please explain?	<p>The accounting treatment for the Inari's private placement of shares is in compliance with MFRS 128 equity method of accounting for investment in associate company.</p> <p>The private placement of Inari shares has resulted in the increase in Inari's shareholders' funds / net assets by RM1.0 billion and consequently, Insas' share of Inari's post-acquisition reserves for the 1Q ended 30 September 2021 had increased by more than RM130 million and in line with MFRS 128, the increase in the share of post-acquisition reserves of associated company is recognized and disclosed in the Statements of Changes in Equity.</p>
19.	The associate investment has grown from RM391mil in YE 2021 to RM519mil in the 1st quarter 2022, how much is contribution from Inari and what is the top 5 portfolio in the associate investment.	The increase in associate investment is mainly due to the recognition Insas' share of post-acquisition reserves of Inari arising from its private placement of shares which was completed in July 2021.
20.	During the year Insas has sold off some Inari shares at lower price and buy back later at higher price, could you explain what is the reason for making this decision.	The Board has no control over the Inari share price movement and the decision to sell some Inari shares is to crystallise some profit of these long-term investment and acted prudently to raise cash reserve at the early stage of Covid-19 pandemic, and the purchase of some Inari shares is made after the careful evaluation of the recovery of the global semiconductor market and recovery of the Covid-19 crisis.
21.	Insas share price is severely undervalued vs NTA. This is probably due to lack of IR. As per MCCG best practice, Insas management should conduct quarterly IR session in order for share price to re rate.	The management is always receptive to meet up with fund managers at the appropriate time but it is not the Company's practice to hold a formal analyst meeting after the release of quarterly results.
22.	M&A deal with SYF – from the deal insas's holding in M&A will be diluted from 100% to 80%, what is the accounting treatment for the 20% dilution, will it be a gain on deemed disposal to profit or loss account?	<p>The effective equity interest of Insas in M&amp;A will be diluted from 100% to 63% upon completion of the RTO exercise.</p> <p>In accordance with the MFRS, there will be no gain and no loss on the dilution / deemed disposal as M&amp;A will remain as a subsidiary of Insas after the RTO exercise.</p>

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23.	M&A deal with SYF – from the deal, Insas will get back RM50 million cash from intercompany and dividend (please share what is the plan for insas to utilise the cash taking into consideration insas has close to 1bil cash in hand)?	The Board has been prudent and conservative and has maintained cash reserves in view of the uncertain global economies caused by the Covid-19 pandemic and the cash reserves will allow the Group to withstand any unforeseen economic downturn and to invest in any new, good and viable investment opportunities that may come along during this economic crisis. Part of the RM50 million will be re-invested into SYF via the subscription of rights issue shares in SYF pursuant to the RTO scheme.
24.	With Inari's dividend last year improved to almost 4 times to 11 cent, why Insas only increased dividend by 25%. With the dividend from Inari, insas can afford to declare 9 cent dividend without burdening its operation cashflow. Why is insas not rewarding their shareholder similar to what Inari is doing?	<p>Inari did not increase its dividend by 4 times as the dividend for FY2020 was 4.4 sen per share and dividend for FY 2021 was 11 sen per share.</p> <p>The Board has taken note of the comment and will evaluate and assess dividend payment after taking into consideration the financial performance of the Company for FY2022.</p>
25.	From the current assets – financial asset at fair value amounting to RM220 million, please share what is the top 5 investment portfolio.	Due to confidentiality, the Board is not able to disclose the details of the quoted shares and the investments are primarily in the banks/finance, REITS, technology and e-commerce sectors which have strong financial position and good track records.
26.	Insas is quite successful in its venture capital investment with its previous successful investment into Inari & Sengenics that have given great rewards, for the future do the directors and managements have any future promising prospects inside Insas portfolio beside the above mentioned ?	Insas is always looking out for good investment opportunities that can generate good yields and return on equity.
27.	<p>Insas Group's equity interest in Inari Amertron Berhad has been diluted to below 20% (page 134 of Insas Annual Report 2021)</p> <p>(1) What is the current equity interest in Inari held by Insas Group?</p> <p>(2) What are the reason(s) for the dilution of Insas' holdings in Inari?</p> <p>(3) How much in total the dividends received from Inari for FY2021?</p>	<ol style="list-style-type: none"> <li>1. Equity interest diluted from 16.3% to 14.5%</li> <li>2. Mainly due to 10% private placement of shares undertaken by Inari.</li> <li>3. Dividend received in FY2021 is slightly above RM50 million</li> </ol>

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28.	<p>Refer to Insas Annual Report 2021 Page 75, please advise us why there are;</p> <p>1. Financial assets at fair value through comprehensive income RM 44 million.</p> <p>2. Financial assets at fair value through profit &amp; loss amounting to RM 220 million.</p>	<p>1. Financial assets at fair value through comprehensive income comprise mainly of RM26 million investment in a property development company in London; and RM15 million in Redeemable Preference Shares ("RPS") in an industrial and examination glove manufacturing company in Kulim.</p> <p>2. Financial assets at fair value through profit &amp; loss comprises mainly of local and foreign marketable securities and quoted shares</p>
29.	<p>The Group recorded a net proceeds from disposal of unquoted investments amounting to RM51.928 Million (page 84 of Insas Berhad Annual Report 2021). Please provided details on the unquoted investments sold.</p>	<p>This comprises proceeds from the disposal of investment in Sengenics, less amount invested in a property development company in London and RPS in a glove manufacturing company during the financial year.</p>
30.	<p>Insas has rewarded the employee above 40% increase in salary but only reward shareholder with 25% increase in dividend. What is your view on balancing the reward between employees and shareholders. This is clearly a mismatch in the board of director priority of how they view shareholder as secondary important to support the company grow. Please explain.</p>	<p>The Board considers the management and employees are the Group's primary assets and one of the key stakeholders, and their remuneration and benefits commensurate with the financial performance of the Group companies, with the view to reward and retain loyal, good, talented and deserving employees who have contributed to the success and growth of Insas Group.</p> <p>Despite the challenging time during the Covid-19 pandemic, the management and employees have collectively worked together and delivered a vastly improved PAT of RM242 million for the FY 2021, as compared to PAT of RM15 million recorded in FY 2020.</p>
31.	<p>Why did the company do private placement, which is not beneficial to minority shareholders. Please explain ?</p>	<p>Insas did not carry out any private placement of shares during the year</p>
32.	<p>Are Insas RPS holders entitled for voting ?</p>	<p>RPS holders are entitled to attend but do not have voting rights at the AGM / EGM.</p>
33.	<p>Status of DGSB transformation? Glove Average Selling Price (ASP) dropping a lot, should DGSB call off plans ?</p>	<p>DGSB called off plans to invest in glove manufacturing in July 2021 but it is continuously looking out for good investment opportunities that are complementary to its existing businesses.</p>



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34.	The Company's investment in DGSB does not seem to be bearing fruits and what is the Company doing about this investment ?	For Tech investment, we believe the investment will converge at some point in the future. DGSB has been affected by Covid-19 and the Movement Control Order and resulted in difficulty to grow and turn around. Steps are being taken by the DGSB's Board to transform DGSB. Terms Sheets to acquire 2 companies were announced last month to expand its core business in the provision of ICT solutions.
35.	Insas's cash holding of RM1 billion which is more than the market capitalization, is it really reasonable & practical for Insas to hold so much cash & not paying a reasonable dividend to the shareholder ?	The Group's net cash is about RM540 million (after netted off against borrowings of RM236 million and RPS of RM132 million), which the Board is of the opinion that it is prudent and conservative to maintain sufficient cash reserves in view of the uncertain global market conditions caused by the Covid-19 pandemic.