



INSAS BERHAD

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

Questions raised by Minority Shareholders Watch Group (“MSWG”) – 63rd Annual General Meeting held on 28 November 2025

No.	Questions raised by MSWG	The Company’s responses
Operational & Financial Matters		
1.	<p>Insas Credit & Leasing Sdn. Bhd. (“ICL”) recorded improved financial performance in FY 2025 from its structured finance activities, supported by an expansion of its loan portfolio to RM317 million from RM245 million in FY 2024 (Pg 17 of AR2025).</p> <p>(a) What is the current gross impaired loan ratio (GIL) for ICL’s loan portfolio? How has the ratio trended over the past few years? Please provide an overview of the asset quality of the loan portfolio.</p>	<p>(a) ICL gross impaired loan ratio has remained consistent in the range of 5% over the past three FY 2023 to 2025. As at end of FY 2025, ICL’s portfolio comprised 86% secured loans and 14% unsecured loans.</p> <p>As part of ICL’s credit risk management, the Board and management had reinforced controls in place through stricter loan approvals, stringent collateral assessments and close monitoring by the management to mitigate the incidence of bad debts.</p>
	<p>(b) Which customer segments or industries contributed most to the expansion of ICL’s loan book in FY2025?</p>	<p>(b) The new loans disbursed in FY 2025 were for clients in the property development sector and ICT industry.</p>
	<p>(c) What is the average interest spread or margin imposed on borrowers? How does the spread compare with prior years?</p>	<p>(c) The interest rate charged on secured loans are between 9.5% to 12.0% and for unsecured loans between 12.0% to 18.0% per annum, which are within the interest rate range as permitted under the Moneylending Act. The average interest spread to ICL is between 5.0% to 10.0% for the last 3 financial years based on the average borrowing costs of the Group.</p>
	<p>(d) On 18th April 2025, Ho Hup Construction Company Berhad announced that it had received a demand notice from ICL in its capacity as a guarantor for its</p>	

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	<p>wholly-owned subsidiary, Bukit Jalil Development Sdn Bhd ("BJD"), which failed to repay an outstanding loan amount of RM112.69 million.</p> <p>(i) Given Ho Hup is currently in a financially distressed position, what recovery strategy ICL has in place to safeguard shareholders' interests and maximise the chances of recovering the RM112.69 million outstanding?</p> <p>(ii) Has the outstanding amount been adequately provided for in ICL's accounts? Kindly explain the adequacy of impairment provisions for these loan facilities.</p> <p>(iii) What is ICL's total loan exposure to Ho Hup and its subsidiaries, including principal and accrued interest?</p> <p>(iv) What is the repayment status of the remaining loan balance (if any), and whether further defaults or delays are anticipated?</p>	<p>(d)(i) The RM112.69 million loans owed by BJD are secured by real estate properties developed and owned by BJD in Bukit Jalil Kuala Lumpur ("Charged Assets"). The Charged Assets are now placed under the control and management of the Receivers and Managers ("R&M") appointed by ICL in June 2025 pursuant to a Debenture created by BJD in favour of ICL, and the R&M will manage the business and operations of the Charged Assets and collect the income, cash flows and pay for the operational costs. The ICL board and management work closely with the R&M, who will eventually dispose off the Charged Assets via open tender or direct negotiation and the management is fairly confident to recoup the amount owed by BJD, barring unforeseen and unfavourable market or events.</p> <p>(d)(ii) As at end of FY 2025, no impairment provision was made on the secured BJD loans as the market value of the Charged Assets are sufficient to cover the outstanding loans owed by BJD.</p> <p>(d)(iii) ICL has ceased accruing interest income on the BJD loans as BJD has been placed under Creditors Compulsory Winding Up in June 2025, just after ICL has appointed the R&M over the Charged Assets. The total loans owed by BJD remains at RM112.69 million.</p> <p>ICL has also given a secured loan to another 100% owned subsidiary of Ho Hup, which is secured against the remaining strata office building in Ho Hup Tower Bukit Jalil owned by this subsidiary. The outstanding principal and interest owed is RM77.93 million as at end of FY 2025, which is adequately covered by the market value of the strata title office building.</p> <p>(d)(iv) R&M have been appointed by ICL in June 2025 and the R&M are now managing the income and cash flows from the Charged Assets, and all surplus cash deriving from the Charged Assets are kept in the bank account operated by the R&M holding in trust on behalf of ICL.</p> <p>As highlighted in 1(d)(iii) above, ICL has ceased accruing interest income</p>

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		<p>on this BJD loan as BJD has been placed under Creditors' Compulsory Winding Up by other unsecured creditors. Accordingly, the repayment of the BJD loan will come from disposal of the Charged Assets by the R&M.</p>
2.	<p>On 18 April 2025, Ho Hup was classified as a PN17 issuer following its default in payment for an outstanding loan of RM112.7 million.</p> <p>As of 22 October 2025, Insas continued to hold an indirect stake of 11.79% stake in Ho Hup.</p> <p>In FY 2025, Insas discontinued equity accounting for Ho Hup and reclassified the investment as quoted investments in Malaysia. The fair value upon derecognition of Ho Hup as an associate company is RM Nil, after taking into account Ho Hup's current financial condition (page 155, Note 10(a), AR2025).</p> <p>(a) Please disclose the total cost of Insas' investment in Ho Hup Construction, including when the Group first investing, the cumulative investments deployed, and the total gain or loss recognised over the years.</p>	<p>(a) Insas Group has adopted the prudent and conservative accounting policy on investment in listed securities, and the costs of investment in Ho Hup have been impaired over the years based on a "marked to market" principle and any impairment or provision for diminution in value of such investment have been recognised and charged out to the Income Statement at every financial quarter and financial year end over the years.</p> <p>As at FY 30 June 2025, the carrying amount of our investment in Ho Hup is Nil, even though the Group still hold the Ho Hup shares, as the Board has taken the conservative approach to fully impair the costs of investment as Ho Hup is currently placed under Creditors' Compulsory Winding Up, and Ho Hup has applied to the High Court for a Restraining Order pending a rescue scheme to be presented by the professional advisers.</p>
	<p>(b) In past engagements, including AGM replies to MSWG and shareholders in 2023 and 2024, the Board indicated confidence in Ho Hup's rationalisation and de-gearing plans, as well as its Pavilion Bukit Jalil development as a driver of future profitability in FY2024/2025. And now Ho Hup is a PN17 company with a precarious financial position.</p>	<p>(b) The Board and management of Insas are not involved in the day-to-day management nor oversee the operations of Ho Hup Group, and as a public company listed on Bursa, Ho Hup Group is run independently by its board of directors and management team.</p> <p>As Ho Hup is currently placed under PN17 status and its key operating subsidiaries placed under Receivers & Managers and/or Creditors' Liquidation process, it is legally inappropriate for the Board and</p>

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	<p>Given Ho Hup's prolonged financial deterioration over the years, should Insas not have taken decisive action earlier, such as divestment or strategic exit, to preserve and safeguard shareholder value?</p>	<p>management of Insas to comment at this juncture on the collapse of Ho Hup Group, save for reasons that Ho Hup Group is highly leveraged with excessive borrowings and the businesses are supported by limited shareholders' equity, and perhaps, the lack of a strong, honest, credible and dedicated management team with sound, prudent financial and risk management, good system of control, supervision and cash management.</p> <p>Due to its vulnerable financial position, Ho Hup was unable to meet its short-term loan repayment obligations and as a result, it was forced to sell its priced assets at discounted prices or even at losses in order to reduce and repay its bank borrowings.</p>
	<p>(c) In hindsight, what were the key challenges or factors that contributed to the underperformance of Insas' investment in Ho Hup to the extent of no recoverable value of the investment?</p> <p>Does the Board view this outcome as indicative of shortcomings in the Group's investment screening, monitoring, or risk assessment processes?</p>	<p>(c) The management honestly believe that the investee companies normally performed well when the Insas' senior management are hands-on and are actively involved in the management of the investee companies, such as Insas Group, Inari Amertron Berhad and Divfex Berhad, and we recognise that such investments do come with risks of failures, including and not limited to the market, industry and performance risks which are beyond the control of the Board.</p> <p>As part and parcel of a balance portfolio investment, the Board recognises that some investments will under-perform and some will do extremely well, and the Board and management will be more cautious in evaluating and undertaking new investment opportunities.</p>
3.	<p>On 28 July 2025, Insas announced that it had subscribed for 479.46 million shares and 479.46 million free warrants in Microlink Solutions Berhad (MSB) at an issue price of 16 sen per share, or RM76.72 million in total.</p> <p>The subscription made up 89% of MSB's rights issue of 536.20 million new shares with 536.20 million free warrants. Insas is now the largest shareholder of MSB with 529.14 million shares or 32.89% equity interest.</p> <p>(a) Insas said the subscription is to broaden and diversify its investment portfolio into PLCs with "good fundamentals", particularly those in ICT with "strong earnings growth potential and the ability to deliver recurring earnings and long-term capital appreciation".</p>	<p>(a)(i) As a technology solutions provider, MSB provides services to multiple industries within the private and public sectors, and MSB sees potential growth in future years amid the increasing demand for digital solutions for businesses and operations in the rapidly expanding ICT industry.</p>

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	<p>However, MSB has recorded two consecutive years of losses, negative operating cash flow, and a steadily rising debt-to-equity position with the latest financial year's loss exacerbated by significant goodwill impairment.</p> <p>On top of this, MSB's external auditor Baker Tilly Monteiro Heng PLT recently issued a qualified opinion involving MSB's write-off of software development expenditure totalling RM76.07 million for its extended 15-month FPE 30 June 2025.</p> <p>A RM50.23 million was written off after the directors were unable to locate the intellectual property related to the expenditure, while another RM25.84 million, initially capitalised in prior years, was deemed not appropriately incurred.</p> <p>Hence, how does MSB fulfil Insas' stated investment criteria of having "good fundamentals" with declining financial metrics and weak governance.</p>	<p>In addition, the Government's transformation initiatives notably, the MyDIGITAL also presents significant potential for MSB to participate in, and capitalise on the opportunities within the country's digital economy.</p> <p>(a)(ii) The losses incurred by Microlink for the past 2 financial years were mainly due to the impairment losses on trade receivables, impairment of goodwill, impairment/write of software development expenditure and amortisation of software development expenditure, which were incurred by the past management team. The financial performance excluding these impairments, write off and amortisation are as follows:</p> <table border="1" data-bbox="1144 504 2063 1015"> <thead> <tr> <th data-bbox="1144 504 1621 619">In RM'mil</th> <th data-bbox="1621 504 1845 619">12 months Financial Year Ended 31 Mar 2024</th> <th data-bbox="1845 504 2063 619">15 months Financial Period Ended 30 Jun 2025</th> </tr> </thead> <tbody> <tr> <td data-bbox="1144 619 1621 667">Loss before tax</td> <td data-bbox="1621 619 1845 667" style="text-align: right;">(24.9)</td> <td data-bbox="1845 619 2063 667" style="text-align: right;">(93.8)</td> </tr> <tr> <td data-bbox="1144 667 1621 715">Add back:</td> <td data-bbox="1621 667 1845 715"></td> <td data-bbox="1845 667 2063 715"></td> </tr> <tr> <td data-bbox="1144 715 1621 762">Impairment of trade receivables</td> <td data-bbox="1621 715 1845 762" style="text-align: right;">11.3</td> <td data-bbox="1845 715 2063 762" style="text-align: right;">0.9</td> </tr> <tr> <td data-bbox="1144 762 1621 810">Impairment of goodwill</td> <td data-bbox="1621 762 1845 810" style="text-align: right;">0.0</td> <td data-bbox="1845 762 2063 810" style="text-align: right;">3.3</td> </tr> <tr> <td data-bbox="1144 810 1621 858">Software development expenditure ("SDE") written off</td> <td data-bbox="1621 810 1845 858" style="text-align: right;">0.0</td> <td data-bbox="1845 810 2063 858" style="text-align: right;">76.1</td> </tr> <tr> <td data-bbox="1144 858 1621 906">Amortisation of SDE</td> <td data-bbox="1621 858 1845 906" style="text-align: right;">14.2</td> <td data-bbox="1845 858 2063 906" style="text-align: right;">9.2</td> </tr> <tr> <td data-bbox="1144 906 1621 954"></td> <td data-bbox="1621 906 1845 954" style="text-align: right;">25.5</td> <td data-bbox="1845 906 2063 954" style="text-align: right;">89.5</td> </tr> <tr> <td data-bbox="1144 954 1621 1015">Adjusted profit/(loss) before tax</td> <td data-bbox="1621 954 1845 1015" style="text-align: right;">0.6</td> <td data-bbox="1845 954 2063 1015" style="text-align: right;">(4.3)</td> </tr> </tbody> </table> <p>Microlink completed its rights issue exercise on 29/7/2025 raising RM85.8 million cash proceeds, which will be used primarily to repay borrowings, finance its project & R&D expenses and for working capital purposes. For the 1st quarter period ended 30/9/2025, Microlink reported a turn-around profit before tax of RM2.46 million (before deducting one-off non-recurring rights issue corporate exercise expenses amounting to RM2.31 million) and a shareholders' equity amounting to RM192.66 million.</p> <p>(a)(iii) We were informed by the management of Microlink that Baker Tilly Monterio Heng PLT ("BT" or "External Auditors") did not provide its grounds, basis, rationales and justification to the management and the Board of Microlink how BT as the External Auditors arrive at the basis of</p>	In RM'mil	12 months Financial Year Ended 31 Mar 2024	15 months Financial Period Ended 30 Jun 2025	Loss before tax	(24.9)	(93.8)	Add back:			Impairment of trade receivables	11.3	0.9	Impairment of goodwill	0.0	3.3	Software development expenditure ("SDE") written off	0.0	76.1	Amortisation of SDE	14.2	9.2		25.5	89.5	Adjusted profit/(loss) before tax	0.6	(4.3)
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		<p>qualified opinion that “they were unable to obtain sufficient appropriate audit evidence on the recognition, classification and the write-off to the Software development expenditure (SDE) during the financial period” as these SDE were incurred by the past management many years ago, were brought forward from the previous audited financial statements and there were duly audited without any audit qualification by the predecessor independent external auditors.</p> <p>These SDE impaired/written off were supported by sufficient and proper evidence and documents including and not limited to accounting records, cheque payment and electronic fund transfers, payment vouchers, invoices, contracts, general ledgers and other relevant documents, which were readily available and accessible to the External Auditors at any time during the course of their audit, and there were capitalised by the past management in accordance with the accounting policies consistently adopted by Microlink and disclosed in the annual reports. The impairment/write off of the SDE in the financial period ended 30/6/2025 were also made in accordance with MFRS 138 – Intangible Assets after the Board has carried out a careful evaluation and assessment that it is unable to reasonably determine the expected future economic benefits to be derived from these SDE.</p> <p>We wish to state that the management of Insas were not consulted before the audit qualification by the External Auditors were issued.</p>
	<p>(b) Insas' subscription of 89% of MSB's entire rights issue suggests that the border market did not support MSB's exercise.</p> <p>Why did Insas choose to emerge as the largest shareholder in MSB with a 32.89% stake instead of taking a phased approach?</p> <p>How does the Board justify deploying RM76.7 million of shareholders' funds into a company with unresolved financial weaknesses?</p> <p>(c) What specific financial, operational, and strategic indicators were used to justify MSB as a fundamentally sound investment despite its declining</p>	<p>Post rights issue, the shareholders' equity of Microlink is RM192.7 million, equivalent to 12 Sen per share, and all legacy issues and SDE brought forward from the previous financial years have been fully impaired or written off in the financial period ended 30/6/2025 before the rights issue exercise is carried out. Accordingly, Microlink will kick-start the financial year 2026 with a cleaned-up balance sheet without the legacy and past senior management team.</p> <p>As stated in (a)(i) above, Microlink is a technology solutions provider to multiple industries within the private and public sectors, and there is potential growth due to the increasing demand for digital and AI solutions for businesses and operations, including the Government's transformation initiatives, the MyDIGITAL, which presents significant potential for Microlink to participate in, and capitalise on the opportunities within the country's digital economy.</p> <p>Insas takes a long-term view and approach to this investment and our</p>

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	financial metrics?	representatives will be actively involved in the day-to-day management and operations of Microlink, and will also be represented on the Board.