APPENDIX A

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

Questions raised by Minority Shareholders Watch Group ("MSWG") – 60TH Annual General Meeting of Insas Berhad held on 25 November 2022

No.	Questions raised by MSWG	The Company's responses
Operational & Financial Matters		
1.	In October 2021, Insas entered into a share sale and purchase agreement with SYF Resources Berhad ("SYF") for the proposed disposal of its 100% equity interest in M&A Securities Sdn Bhd to SYF for RM222 million ("Proposed M&A Disposal") to be fully satisfied by the issuance of new ordinary shares in SYF. Post-completion of this exercise, SYF will become a 62.56% subsidiary of Insas (page 9 of Annual Report 2022).	
	(a) The disposal of M&A Securities is conditional upon the disposal of Seng Yip Furniture by SYF to Mieco Chipboard Berhad. As of the date of writing, SYF's business proposal to Mieco Chipboard is still pending the approval of Bursa Malaysia and shareholders of SYF. Based on Insas's communication with SYF, what is holding back the latter's progress of completing the business disposal?	(a) The proposed disposal of Seng Yip Furniture by SYF to Mieco Chipboard Berhad together with its proposed acquisition of M&A Securities and other proposals are inter-conditional, and are currently still awaiting the approval of Bursa and Securities Commission ("SC").
	(b) Insas and SYF had on 1 July 2022 agreed to extend the conditional period of the share sale and purchase agreement ("SSPA") related to the Proposed M&A Disposal to 4 January 2023. What is the targeted timeline to complete this transaction?	(b) Barring unforeseen circumstances and subject to the approval of Bursa and SC being obtained, the Proposed M&A Disposal is expected to complete by first half of 2023.

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2.	As of 30 June 2022, Insas' lending arm, Insas Credit & Leasing Sdn Bhd ("ICL") has a collateralized loan portfolio of RM306 million (FY2021: RM230 million).	
	(a) ICL recorded a gross loan growth of 33.04% in FY2022. Will such loan growth momentum sustain in FY2023? What is the targeted loan growth in FY2023?	(a) The management is prudent and does not set loan growth target for FY2023 as moneylending business is highly dependent on the market conditions and the credit & risk assessment of potential borrowers and the associated collaterals.
	(b) What is the gross impaired loan ("GIL") ratio as of FY2022? What is the trend of the ICL's GIL ratio for the past five years?	(b) ICL does not have any loan exposure that have gone into default in the past five years. However, ICL has made a provision for doubtful debts of RM1.47 million on the basis of expected credit losses assessment to comply with MFRS 9 for accounting purpose. This provision amounts to 0.48% of the total loan portfolio as at 30 June 2022.
	(c) What is the proportion of fixed and variable rate loans in ICL's loan portfolio? How do the hikes in the Overnight Policy Rate ("OPR") impact the lending business? How fast have ICL's loan been repriced to reflect the effect of rising OPR?	(c) The increase in the OPR does not have significant impact of the lending business. ICL loan rates are mostly variable and ICL has the right to review and revise the interest rate at any time and from time to time. However, the interest rate is regulated by Moneylenders Act 1951 which is not more than 12% p.a. for secured loans and not more than 18% p.a. for unsecured loans. ICL's lending rate is highly dependent on our assessment of credit risk profile of the borrowers, the collaterals offered and sources of repayment.
3.	The Technology and IT-related Services division is the main profit contributor to the Group, contributing a segment profit of RM248.65 million (FY2021: RM180.26 million) to the Group in FY2022 (page 180 of AR2022). The higher profit was due to the exceptional gain of RM131.3 million on deemed disposals of equity interest in associate companies (page 14 of AR2022). In anticipation of the economic slowdown next year, markets have widely expected the technology sector to be hit by a slowdown in consumer spending. How will Insas's technology and IT-related services perform financially in FY2023 without such a one-off gain moving forwards?	Insas' Technology and IT-related Services Division contributed a recurring segment profit of RM117.35 million to the Group before the exceptional gain of RM131.3m for FY2022. Given the expected slowdown in the technology sector, the Division is expected to perform lower for FY2023 in its recurring segment profit but will remain a significant contributor to Insas' profitability.

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4.	Investment holding and trading division turned loss-making in FY2022 with a pretax loss of RM57.6 million compared to a pretax profit of RM53.8 million in the year before (page 13 of AR2022) due to a fair value loss of quoted securities and structured investments as of 30 June 2022. As the market uncertainty and volatility lingers, how could the Group optimize the return of its equities investment in FY2022? Is there any investment ripe for divestment?	The Group's investment strategies are based on stringent asset allocation and diversification to manage risks of its portfolio investments. The Group has credible evaluation and monitoring processes in place on the selection of investments with good fundamentals that produces sustainable income and capital growth. Together with the Group's strong cash flows and solid financial standing, this enables the Group to weather weak market sentiments that causes temporary and/or prolonged negative market values to the Group's investments. As part of the Group's ongoing investment strategies, the Board and management team will closely monitor the investment performance and market conditions and make necessary changes in the allocation of funds and investments to protect the interest of the Group.
5.	The total remuneration received by executive directors of Insas's subsidiary companies has increased by 22.9% to RM9.5 million from RM7.73 million (page 170 of AR2022), primarily due to higher salaries and other emoluments paid to directors. At the same time, total staff costs (inclusive of executive directors' remuneration) were lower at RM45.82 million compared to RM58.74 million in the year before (page 171 of AR2022). Why was the remuneration of executive directors' (at the subsidiary level) higher and overall staff costs lower in FY2022?	The higher remuneration paid to executive directors of the subsidiary companies for the FY2022 was mainly due to incentive bonuses linked to the financial performance of the subsidiary companies. The decrease in overall staff costs in FY2022 was mainly due to the lower incentive bonuses provided in the FY2022 as compared to FY2021.
6.	Insas also recorded a higher allowance for doubtful debts amounting to RM3.21 million (FY2021: RM269,000) as of 30 June 2022. Please explain the reason for the higher allowance.	The allowance for doubtful debts for the FY2022 were mainly due to allowance for doubtful debts on the amount owing by an associated company amounting to RM400,000, the reversal of RM477,000 dividend accrued in FY2021 and RM2,000,000 on other receivables as a result of expected credit losses assessment in compliance to MFRS 9. Out of the RM400,000 owing by an associated company, RM164,000 has been recovered as of to-date while the RM2,000,000 on other receivables though allowance for doubtful debts has been provided in compliance with MFRS 9 assessment, the management is confident of its recoverability.

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7.	With a healthy cash level of RM914.34 million as of 30 June 2022 against total borrowings of RM261.71 million and redeemable preference shares of RM127.92 million, what is the rationale for seeking shareholders' approval for directors to issue and allot shares under Section 75 and 76 of the Companies Act 2016?	The rationale is to provide flexibility to raise funds for corporate exercises such as the issuance of new shares to finance new and good investment projects, acquisitions or working capital purposes and to avoid delay and costs involved in convening general meeting to approve such issuance of shares.
Corporate Governance Matters		
1.	If Resolution 8 tabled in Insas' upcoming AGM dated 25 November 2022 passed by Insas's shareholders, the Company's chairman Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP, will continue to act as an independent non-executive director ("INED") up to 31 May 2023. Tengku Aishah is a long-serving INED of Insas since her appointment to the Board on 12 November 1986. How is the progress of the process of identifying a new independent director to comply with the amendment of Bursa Malaysia Securities Listing Requirements that limit the tenure of independent directors to not more than 12 years? How many candidates have the NRC screened, reviewed and interviewed?	On 24 February 2022, the Company has appointed Dato' Mohamad Azmi Bin Ali as a new Independent Non-Executive Director ("ID") to replace Mr Oh Seong Lye who has retired as ID at the conclusion of last AGM held on 2 December 2021. The Board and Nomination Committee are actively evaluating suitably qualified persons to be appointed as additional ID of the Company and appropriate announcements will be made in due course.