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

KEY MATTERS DISCUSSED AT THE EXTRAORDINARY GENERAL MEETING

Summary of key matters discussed at the Extraordinary General Meeting of Insas Berhad ("INSAS" or "the Company") conducted on a fully virtual basis through live streaming and online remote voting from the broadcast venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur on Wednesday, 23 December 2020 at 1.10 p.m.

No.	Key questions raised and matters discussed	The Company's responses
1.	As at the latest practicable date (LPD), our Company has 30,327,291 Shares held as treasury shares. Our Board does not intend to resell the treasury shares into the open market prior to the implementation of the Proposed Rights Issue ("RI") with Warrants. Does the management have the intention to subscribe for 30,327,291 Shares held as treasury shares under RI entitlement or selling the entitlement or in open market?	As stated in the Circular to Shareholders dated 1 December 2020 ("**Circular**"), the treasury shares are not entitled to receive the Rights RPS and Warrants pursuant to the Proposed Rights Issue with Warrants and as such, the Company will not be subscribing the RI nor selling the Rights RPS.
2.	I am happy to vote "FOR" the RI and ESOS and help the controlling shareholder Dato' Sri Thong and PAC to increase their controlling holding beyond 33% and in return will BOD/Management take the following steps to unlock the value of Insas? A. Put the healthy balance sheets to work in productive way and unlock Insas value 1. Increase dividend? 2. MGO waiver to restart Share Buy-Back? 3. Make acquisition to create new avenues for business growth?	A1 Increase dividend? The Board had on 24 November 2020 declared an interim dividend of 2.0 sen per share, totalling RM13.3 million and this represents a dividend pay-out ratio of 88.7% based on the profit after tax of the Group for FY 2020. The dividend pay-out ratio of 88.7% is considered high especially under the current difficult and uncertain market conditions. The Board will assess the dividend rate in the FY 2021 and will take into consideration various factors such as earnings, available cash, bank debts, working capital requirements, growth and investment opportunities in order to provide sustainable returns to shareholders for their continuous support to the Company.

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	B. Better PR and communication 1. Invite IB to cover Insas and hold a financial briefing with IB as what Inari is doing? 2. Increase Transparency in Investment Holding and Trading?	A2 <u>MGO waiver to restart Share Buy-Back?</u> As stated in the Circular, the completion of the Proposed Rights Issue will not give rise to any consequences of MGO. However, should the major shareholders or persons acting in concert ("**PAC**") exercise their Warrants such that their shareholdings in Insas increase to more than 33%, they are obliged to undertake a MGO for all the remaining Insas shares not already held by them. Notwithstanding the above, Dato' Sri Thong Kok Khee and PAC may, at a later stage after the completion of the Proposed Rights Issue, seeks an exemption from the obligation to undertake a MGO. In such event, the Board will announce the waiver application to Bursa immediately. Any such application for exemption will require the approval from independent / non-interested shareholders of the Company at a general meeting to be held. A3 <u>Make acquisition to create new avenues for business growth?</u> Insas Group had on 29 October 2020 signed a Share Purchase and Subscription Agreement to undertake a RM40 million joint-investment with its 25.5% owned associate company, Diversified Gateway Solutions Berhad ("**DGSB**") to acquire 50.1% equity interest in Duramitt Sdn Bhd ("**Duramitt**"), a private company presently involved in the manufacturing and sale of industrial and specialised gloves, and the new cash injection will enable Duramitt to construct 2 new single former examination glove production lines and 2 new double former examination glove production lines. The single former lines are expected to be installed and commissioned in January 2021 and the double former lines in May 2021. Upon completion, the 4 examination glove lines are expected to produce in excess of 600 million examination gloves per annum. Our Board believes that the prudent and conservative cash management at this economic climate is in the best interest of our Company and our shareholders for the long-term sustainable growth and prospect of our Group.

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		B1 <u>Invite IB to cover Insas & hold a financial briefing with IB as what Inari is doing?</u> The management is always receptive to meet financial analysts, fund managers and institutional investors at the appropriate time. B2 <u>Increase Transparency in Investment Holding and Trading?</u> The financial reporting and disclosures of investment holding and trading have always been transparent and in full compliance with applicable FRS, Companies Act and Bursa Listing Requirements. The Board is mindful of voluntary disclosures of the Group’s confidential information and business affairs which may be detrimental to the Group’s financial performance.
3.	Why go for Rights issue when the Company has cash and can dispose some Inari shares?	The Proposed Rights Issue with Warrants was announced by Insas on 9 July 2020 during the uncertain economic and market conditions caused by the Covid-19 pandemic in order to raise medium term funds to repay RM132.6 million bank borrowings which was drawndown and used to redeem the earlier Redeemable Preference Shares (RPS) which matured on 25 February 2020. The funds to be raised from the Proposed Rights Issue will allow the Company to replace the bridging loans with the 5-year tenure RPS at a pre-determined 3.8% dividend rate which is more competitive as compared to the conventional bank financing, and the Group expects interest savings of approximately RM5.1 million per annum. The RPS is unsecured, not subject to conventional bank’s annual review and can be redeemed by the Company at any time, and this flexibility allows the Company to plan forward and manage the cash flow better. The Group’s businesses particularly the stockbroking, structured finance and technology divisions require adequate, sufficient and abundant cash resources and buffer to support the business activities and sustainable growth, and to undertake and commit to any good and viable investment opportunities than may arise from time to time. Insas is the principal founding shareholder of Inari way back in 2006 and it is now one of the main contributor of profit and cash dividend to the Insas Group. Insas remains the single largest shareholder of Inari.

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4.	How would Insas ensure that its fund return can beat the preference share cost of funding of 3.8% p.a.?	The proceeds raised from the Proposed RPS will be utilized to repay bank borrowings which was drawndown in February 2020 to repay the redemption of the RM132 million RPS which matured on 25 February 2020. This is expected to have an interest savings of approximately of 5% which is RM5.1 million per annum.
5.	Page 5 of the Circular to Shareholders mentioned underwriting arrangement for the Rights Issue is only RM20 million, why so low?	The Proposed RPS is structured in 2 manners ie. minimum subscription of RM65.0 million and maximum subscription of RM132.0 million. Based on the minimum subscription level of RM65.0 million, the major shareholders have undertaken to subscribe for RM45.0 million, leaving RM20.0 million to be underwritten by either investment banks or principal advisers. The balance of RM67.0 million is on best endeavor basis depending on the subscription level. Any unsubscribed Rights Issue will be offered to other shareholders who apply for excess application.
6.	Page 7 of the Circular to Shareholders mentioned estimated cost for this proposal is RM1.75 million, how much can be capitalized and amortised and how much must charge out to the profit account immediately?	Under the new FRS, all costs incurred in this fund raising exercise must be charged out in Profit and Loss in FY2021.
7.	The previous redemption of RM132 million RPS was done utilizing RM132 million from the Retained Earnings account, this has reduced the amount available for future distribution to shareholders especially dividends. Can the new RPS be redeemed at maturity without utilizing the Retained Earnings? If not, has the Board considered this aspect when proposing this new issuance?	Under the Companies Act 2016, RPS can be redeemed out of 3 scenarios:- 1) Retained profit; 2) New issuance of shares; or 3) Capital of the company. It is likely that the Company will redeem this new RPS out of retained earnings. Presently the Group has retained earnings for more than RM750 million, the Board is comfortable that this will not affect the available retained earnings for distribution as dividends to shareholders.
8.	Please provide the breakdown of the RM1.75 million expenses expected to be incurred for this corporate exercise?	Breakdown of RM1.75 million is as follows:- RM650,000 professional fees RM300,000 Underwriting fees RM250,000 Authority Fees including Bursa Malaysia RM360,000 Printing of Circulars/Abridged Prospectus and other related costs RM160,000 Other Contingency costs

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9.	Will the warrant exercise price fixed at a discount or premium at the prevailing Theoretical Ex-All Price (TEAP)?	As stated in the Circular to shareholders, the Board intends to fix the exercise price of the warrants at not more than the market price of Insas shares based on 5-day volume weighted average market price immediately before the price-fixing date. The Board has yet to fix the exercise price and this shall be determined at a later date and once the price is determined, an announcement will be made to Bursa Malaysia accordingly.