



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

KEY MATTERS DISCUSSED AT THE 55TH AGM

Summary of key matters discussed at the Fifty-Fifth Annual General Meeting of Insas Berhad held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Thursday, 23 November 2017 at 11.00 a.m.

No.	Key questions raised and matters discussed	The Company's responses
A	Financial report and business outlook	
1	Any organization or governance structure in place to oversee and manage the investment holding and trading function of the Group?	The investment holding and trading division is handled by the CEO with advices from competent and professional external financial advisers.
2	Is there an investment committee to meet periodically to evaluate the performance of the investments and whether the investing strategies meet the investment objective? And whether the Company has any policy to invest more on matured investment or cut loss on underperformed investment?	The performance of the investment division is reported to the Board at the quarterly board meetings to deliberate and approve the quarterly results. The investment portfolios include a mixture of long term investments such as Omesti Berhad, Ho Hup Construction Company Berhad ("Ho Hup") and SYF Resources Berhad, some fair value investment stocks and some held to maturity investment stocks and bonds for yield enhancement purposes.
3	Management Discussion and Analysis (MD&A) disclosed a list of investment in listed equities in excess of RM10 million market value. Shareholders requested for a detailed tabulation of quoted securities assets in FY 2018 Annual Report for better transparency, good governance and accountability.	The full details of quoted securities are not required to be disclosed in the annual reports under the Listing Requirements, Companies Act or MFRS. If such disclosures do not compromise the confidentiality of the investment strategies of the Group, the Board will consider providing further analysis in future annual reports.

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4	<p>Increase in revenue in the car rental segment slowed down in FY2017 mainly due to the competition from smart phone-enabled "ride-hailing" services which resulted in lower demand and revenue stream from the Group's conventional car leasing businesses. In tandem, the operating profit dipped sharply in FY2017. Management has downsized the car fleet from 1,347 to 1,205 units for cost savings and to achieve better utilization of its car fleet.</p> <p>Car rental is capital intensive with highly depreciable asset and used up a lot of management resource yet did not give a reasonable return on capital. Does the Board see a future in car rental business in Malaysia or in Singapore.</p> <p>Should Insas further downsize the car fleet and free out the resource of capital and manpower for other better growth potential business?</p>	<p>The car rental business is affected by the "ride-hailing" services, both in Malaysia and Singapore. To mitigate the competitive nature of the car rental business and to improve vehicle utilization rate, the Singapore car rental division has designed in-house and launched the car sharing and rental apps which provides cars for rent on hourly basis at affordable rate and the vehicles can be collected by the hirers at more than 160 locations across Singapore for ease of convenience.</p> <p>The Board will always work to ensure the idle fleet is well within control, and if necessary, the Group will continue downsizing the car fleet to overcome over-supply of rental vehicles in the market and to improve utilization of the fleet.</p>
5	<p>Trade receivables increased from RM305.5 million in 2016 to RM419.6 million in 2017. Receivables past due for more than 121 days increased from RM44.373 million in 2016 to RM50.244 million in 2017.</p> <p>Whether the majority of the trade receivables incurred from stock broking margin finance given to clients and loans given to clients derived from corporate finance division?</p> <p>How was the impairment amount of RM14,827,000 incurred? Why was not secured by any collateral?</p>	<p>Trade receivables are mainly made up of outstanding share purchases by the stockbroking clients which are still within the Bursa Malaysia's settlement period, margin debts granted to clients of the stockbroking unit, and the structured finance and loans granted to clients by Insas Credit & Leasing Sdn Bhd, a licensed moneylending company. The loans are performing and the securities provided by the clients are sufficient to cover the trade receivables.</p> <p>The impaired trade receivables related to old trading and margin losses incurred by clients of the stockbroking unit and all the impairments have been fully charged out to income statements in the earlier financial years.</p>

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6	<p>Insas sold its shareholdings in Inari Amertron Berhad ("Inari") to below 20% equity, the threshold for auto qualification as associated company. How will this affect Insas's future earnings and will Insas continue to adopt equity accounting for its investment in Inari and at the same time reclassified Inari as investment quoted securities mark to market and book gain on fair value changes of financial assets at fair value through profit and loss?</p>	<p>Insas continues to treat Inari as an associated company and adopt equity accounting for its investment in Inari as Insas has significant influence over Inari through representation on the Board and participation in the policy making process in Inari.</p>
7	<p>Inari and Ho Hup were given a very high review in future growth potential. Are there any plans for Insas to accumulate more shares in these 2 companies when opportunity presents itself?</p>	<p>Insas is a founding shareholder of Inari 11 years ago and its original 51% equity interest in Inari has been diluted over the years primarily due to its IPO in 2011, the subsequent capital raising exercises carried out by Inari to raise funds to expand and grow its businesses and part disposal of the Inari shares by Insas. Insas as an investment holding company had on a prudent basis disposed of some of the Inari shares to realise capital profit. Notwithstanding the disposal of some of the Inari shares, the value of the Group's remaining shareholding in Inari is still significant.</p> <p>The Board will continue to monitor the market and evaluate its investment strategies before deciding the next course of actions.</p>
8	<p>Is the 19.91% equity in Diversified Gateway Solutions Berhad ("DGSB") (IT services/solution provider) an investment strategies moves?</p>	<p>DGSB is a strategic long term investment acquired for its potential future growth in mind.</p>
9	<p>Any specific reason for the sell off of SYF Resources Bhd shares?</p>	<p>Some of the SYF shares were disposed of at reasonable good price to realize capital gain.</p>

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B	Dividend payout	
10	<p>(1) Did Insas business generate enough positive cash flow to pay a better dividend?</p> <p>(2) Does Insas have enough cash reserve to pay a better dividend?</p> <p>(3) Any cash flow problems if Insas pay out 25% of 2017 EPS as dividend about 7 cents to the shareholders?</p>	<p>The answers to the questions are “yes” but at the moment, the Company needs to conserve cash to run its technology and other operating divisions and to meet its capital and financial commitments and obligations to its partners and counter parties. The Company will consider paying a better dividend in the future when such commitments and obligations have been fulfilled and discharged.</p>
11	<p>Will the Board consider giving an additional dividend and also to formulate a formal dividend policy of at least allocating 20% of EPS as dividend?</p>	<p>The Board has taken note of the shareholders’ comments and will seriously consider paying additional/special dividend and to formulate a formal dividend policy in FY 2018.</p>
12	<p>Auditors were requested to comment whether Insas is able to pay 5 cents dividend which is about RM30.0 million to the shareholders?</p>	<p>Ms Foo Lee Meng, a partner from SJ Grant Thornton informed the shareholders present at the meeting that based on the Audited Financial Statements for FY2017, Insas has sufficient cash reserves and profit to pay dividend but before a distribution of dividend can be made, the Board must satisfy themselves that the Company will be solvent immediately after the distribution is made. The Company is regarded as solvent if the company is able to pay its debts as and when it falls due within twelve (12) months immediately after the distribution of dividend is made.</p>
13	<p>The Company has redistributed treasury shares to Insas shareholders in year 2010 and 2012, will the Company consider redistributing treasury shares again in the near future?</p>	<p>The Board of Directors has taken note on the comment from the shareholders and will consider distribution of treasury shares if it's deemed appropriate.</p>

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C	Share market price	
14	<p>Insas shares has been rated as undervalue or cheap valuations by many financial and research analysts for many years. Shareholders urged the Board to come out with an action plan to address this issue so that Insas share price can truly reflect its true/intrinsic value.</p>	<p>Dato' Wong Gian Kui ("DWGK") commented that the net asset value ("NAV") of the Company as at 30 June 2017 is RM2.30, and if we take into account the mark to market unrealized gain of Inari shares, the revalued NAV or intrinsic value of the Company would be close to RM3.00.</p> <p>Dato' Dr Tan Seng Chuan added that the market sees the intrinsic value of the Company at RM3.00 but the market price is trading at +/- RM0.90. He is of the opinion that share prices and the Company's performance have no direct relationship and the Directors' primary responsibility is to make sure the Company runs well and not about making share price perform.</p> <p>DWGK further informed the shareholders that the CEO as a major shareholder of the Company cannot acquire more Insas shares from the market, and the Company cannot continue with its proposed share buyback as such share acquisition and/or buybacks may result in the CEO and persons acting in concert ("PACs") holding more than 33.0% of Insas shares which will then trigger a mandatory takeover offer ("MGO") on the remaining Insas shares not owned by the CEO and PACs, unless a waiver of such MGO is granted by the Securities Commission and the shareholders of Insas under the Malaysian Code on Take-overs and Mergers.</p> <p>Majority of the shareholders present at the meeting replied to DWGK that if the CEO apply for waiver of MGO, the shareholders will support and approve such waiver.</p>
D	Update on Tesla cars	
15	Update on Tesla Cars.	<p>The Group has so far imported 10 Tesla cars in 2017 under the Joint Venture arrangements with a government agency and all the 10 Tesla cars have been leased out to our customers. The Group is in discussion with the government agency on the import of further electric cars.</p>