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

KEY MATTERS DISCUSSED AT THE 56TH AGM

Summary of key matters discussed at the Fifty-Sixth Annual General Meeting of Insas Berhad ("INSAS" or "the Company") held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Wednesday, 28 November 2018 at 11.00 a.m.

No.	Key questions raised and matters discussed	The Company's responses
1.	Dato' Sri Thong was requested to give factual reasons why INSAS did not carry out what is clearly stated in the 55th AGM official minutes "seriously consider paying additional/special dividend and to formulate a formal dividend policy in FY 2018.	The Board has considered the level of dividends to be paid to shareholders for the FY2018 but in view of the current depressed market conditions due to numerous external and internal events, the Board has exercised a conservative and prudent management to retain adequate cash reserves in order to weather any potential unforeseen deterioration in the market conditions, and to position the Group for future growth and any good investment opportunities which may arise during this downturn. The Board will evaluate and if appropriate, formulate a dividend policy when the markets recover.
2.	Dato' Sri Thong has worked very long and hard to accumulate so much wealth into INSAS. With market closing price of RM0.695 on 9 Nov 2018 versus Value (Mostly liquid assets: Quoted share, bank deposit, money lending & etc) of RM4+ and growing. A day will come where big shark will be tempted to make a hostile take-over the control of INSAS and distribute the wealth to all the shareholders. Dato' Sri Thong and Persons Acting in Concert ("PACs") only hold less than 33% INSAS share, if such hostile take-over do occur does Dato' Sri Thong and PACs have the resources and supports of friendly minority shareholders to fend off such hostile take-over attempt?	The Board cannot comment on the hypothetical question of potential "hostile take-over" and the resources of Dato' Sri Thong and PAC, but in the event there is a "hostile take-over" in the future, the Board of Directors have fiduciary duties to act in the best interest of the Company as a whole, exercise due care, diligence and skill as required by the Companies Act 2016 and Malaysian Code on Take-Overs and Mergers 2016.

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3.	When will Dato' Sri Thong and PACs intend to move over the 33% threshold and make a mandatory takeover offer ("MGO") or seek a waiver of such MGO from the Securities Commission ("SC") and the shareholders of INSAS under the Malaysian Code on Take-over and Mergers so that the company can buyback INSAS shares again.	The Board has not received any notice of MGO from Dato' Sri Thong and PACs, and in the event such notice is received, the Board will announce the offer to Bursa immediately. The Board will continue to look into the "Whitewash" situation in relation to the application to the SC for an exemption from a mandatory offer obligation arising from the exercise of any conversion rights or options into new voting shares and/or as a result of a share buy-back scheme by the Company. Any such application for exemption will require the approval from independent / non-interested shareholders of the Company at a general meeting to waive their rights to receive the mandatory offer.
4.	265,202,536 Warrants 2015/2020 and 132,601,268 Redeemable Preference Shares ("RPS") will expire and due on 25 February 2020. Knowing the intrinsic value of INSAS and if INSAS market share price still remain below RM1.00 on 25 Feb 2020, will Dato' Sri Thong and PACs convert the Warrants to INSAS shares?	Dato' Sri Thong and PACs have the similar rights, but not the obligations, just like any warrant holders to decide whether to convert or not to convert their warrants into new INSAS shares at any time before the expiry of the warrant exercise period, which is due to expire in February 2020. Accordingly, the Board cannot comment whether Dato' Thong and PACs will convert their warrants into INSAS shares.
5.	Mr Lee Soon Sheng, a shareholder mentioned that he intends to mobilize not less than 50 shareholders to send in requisition to move and vote on resolution requiring special notice under Section 322 of the Companies Act 2016 at the 57th AGM of INSAS : To approve share distribution on the basis of one (1) Inari Amertron Berhad ("INARI") (Company No. 1000809-U) share for every two (2) existing ordinary INSAS shares of RM1.00 held in the Company. His reasons for doing so are: (a) To boost the INSAS share market price above RM1.00 so that warrant holders have the opportunity to convert their warrant with payment of RM1.00 into INSAS share and at the same time receive the INARI share distribution rather than total losses if warrants expired on 25/2/2020 out of money. By so doing INSAS will receive RM265,202,536 and can utilize half of the sum to redeem the RPS.	Based on the current depressed market conditions, the Board will not support such resolution as the Board believes that the distribution of INARI shares by way of dividend in specie or otherwise to all INSAS shareholders is not in the best interest of the Company. Reasons (amongst others): (a) for prudent management, INSAS needs to retain adequate reserves to weather any potential unforeseen deterioration in the market conditions, and to position the Group for future growth and any good investment opportunities which may arise during this downturn; (b) pursuant to the Companies Act 2016, a company may only make a distribution to the shareholders ***out of profits*** of the company available. As of 30 June 2018, the available profit of the Company is RM22.0 million only; and the priority of the Board is to retain sufficient available profit to redeem the RM132.6 million RPS which are due to mature in February 2020;

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	(b) Reward the existing shareholders by distributing the INARI share to them and make it less tempting for big shark to make a hostile take-over. Will the Board support the resolution? If NO what are the reasons for rejecting the resolution?	(c) INSAS has more than 26,000 registered shareholders and the share distribution will create a large free float of INARI shares in the market, and the increased liquidity will likely depress further the market price of INARI; and (d) INARI contributes a significant annual equity profit and cash dividends to INSAS.
6.	Sengenics is a functional proteomics company. What is Sengenics' paid up capital, equity structure, revenue and profit/loss for the last financial year?	The issued and paid up share capital of Sengenics Corporation Pte Ltd is US$953,000 and its unaudited shareholders' funds as at 30 September 2018 is US$4,498,000. The gross revenue for the 9 months period ended 30 September 2018 is US$1,600,000 and it incurred a loss of US$1,700,000. Sengenics has a patented proteomics technology and it has signed licensing and collaboration agreements with some of the top pharmaceutical companies in the world. The equity structure of Sengenics includes : Dr Arif, Dr Jonathan Blackburn, Mr Johan Iskandar (promoters) 60.6% INSAS 17.4% SBI Islamic Funds (Brunei) 13.0% Hanns Ventures 9.0% 100.0%
7.	What are the interest charge and total interest income from lending activities of Insas Credit & Leasing Sdn Bhd ("ICL")?	The interest rate charged by ICL is in accordance with the Moneylending Act, which is not more than 12% p.a. for secured loans and not more than 18% p.a. for unsecured loans. The total interest income earned by ICL from the moneylending business for FY2018 is RM23.0 million.

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8.	Omesti Berhad and SYF Resources Berhad recently undergone kitchen-sinking and business restructure. What are the business outlooks for these two companies moving forward?	**<u>Omesti Berhad ("Omesti")</u>** Omesti is in the process of restructuring its business model into an information service provider that will provide recurring and sustainable income instead of revenue generated from the project to project basis. These projects, which include the SSM and e-Court projects, will form the foundations of Omesti's future growth. **<u>SYF Resources Berhad ("SYF")</u>** Based on SYF's latest quarterly report, SYF is cautious and will streamline its furniture manufacturing facilities to achieve cost savings and improve efficiency. The on-going property development projects are at the final stage of completion and it will hold back the acquisition of further land bank until the property market condition improves.
9.	With Malaysia equity market in severe correction or bear market opportunity are plentiful for Dato' Sri Thong to reallocate part of bank deposit for equity investment to maximize capital growth with recurring income. So is Dato' Sri Thong picking up these value stocks in the market?	The Group will continue with its investment strategies to look out for value and growth stocks that generate recurring income and capital gain, but the management remains cautious in view of the global volatility and uncertainties in the equity and forex market outlook.
10.	In the crowded field of F&B, many had tried and failed but some are very successful. Does the board have a clear business plan, strategy, unique selling point, menu, marketing, operation efficiency, right (leadership, staffs, pricing and services) to be successful in F&B café/restaurant business?	The retail and F&B businesses are currently operating in a very difficult and challenging environment, primarily due to the general slowdown in economy. This division is operated fairly independently by our partners, mainly the Melium Group.
11.	Will the Board consider paying higher dividend to increase the market yield and also to formulate a formal dividend policy? If the Company pays a higher dividend, the share prices will definitely boost up.	The Board has taken note of the shareholders' comments and will look into formulating a formal dividend policy depending how market recovers in the next nine (9) months. The Company has via an announcement on 26 November 2018 increased the interim dividend payment from 1 sen to 2 sen in respect of the financial year ending 30 June 2019. The Board noted that payment of higher dividends may not necessarily increase the share price of the Company. For example, INSAS' associate company, INARI has been paying high dividends but its share price has come down from RM2.40 to RM1.60 recently, primarily due to external factors.

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12.	When is the entitlement and payment date for the interim single tier dividend of 2.0 sen?	The Board informed the shareholders that the entitlement and payment date of the dividend will be announced soon, and the payment date will most likely be in January 2019.
13.	The Company involved in too many segments and the performance/return is poor especially property investment and development and retail & trading division. The Company should look into closing low performing segments and to free up cash to either pay higher dividend or to expand the core business of the Group.	The Company does not carry out property development on its own but has invested in some of the property development company such as Ho Hup Construction Company Berhad whereby INSAS has an equity interest of 12 -13%, in which two (2) of the INSAS directors are represented on its Board. For property investment, the Group invested in shop offices which generates rental yield. The Group has two (2) blocks of signature offices in Mid Valley which was bought 17/18 years ago which is generating rental yield and high capital gain.
14.	What is the core strength of the Group?	The Group runs car rental business in Malaysia and Singapore. The Group's car rental business was affected for the last 3 years due to competition from Uber & Grab. However, our capital contribution is quite low as the cars are financed by hire purchase. The core business of INSAS is structured finance and stockbroking business under M&A Securities Sdn Bhd ("M&A"). The Corporate Finance (CF) under M&A is quite sizeable with 20 staff and has been aggressive in undertaking IPO exercises with main focus in the ACE and Leap Market. M&A has listed 4 to 5 public listed companies in the ACE Market in the past one year. The Company invested in Melium group 20 years ago, the retail and F&B businesses are currently operating in a very difficult and challenging environment, primarily due to the general slowdown in economy. The retail business is cyclical and the management of Melium is working very hard to reduce cost and increase its revenue. Most of the retail outlets are in prime location such as The Pavilion, Gardens Mall and KLCC.

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15.	The Board/Auditors were requested to confirm the retained profit of RM22.0 million of the Company.	Ms Lui Lee Ping from Grant Thornton Malaysia confirmed that the retained profit at Company level is RM22.0 million as stated on page 59 of the Annual Report. The Board further clarified that the Company will need to upstream the profits by way of dividends from its subsidiaries to enable the Company to redeem the RPS. The priority of the Board now is to retain sufficient available profit to redeem the RM132.6 million RPS which are due to mature in February 2020. Under the Companies Act 2016, the RPS may be redeemed out of the following :- (a) retained profit; (b) new issue of shares; or (c) capital of the Company. Under the Companies Act 2016, the credit standing in the share premium account and the capital redemption reserve account of the Company have been transferred to the share capital accounts.
16.	A shareholder requested the Board to elaborate on the 2018 performance and the outlook of 2019 of the Group.	The main reason for the decline in profit for the FY2018 was due to the unfavourable market conditions affecting the Ringgit and the equity markets whereby the Ringgit depreciated against major foreign currencies resulting in unrealized losses from foreign exchange as well as unrealized mark to market losses from marketable securities. For the 1st quarter of FY2019, the Company reported profit of RM28.0 million and the Group had mark to market losses from July to September 2018 when the market declined. INSAS has investment in listed shares in both local and overseas markets, and the market has been challenging since 30 June 2018.