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

KEY MATTERS DISCUSSED AT THE 57TH AGM

Summary of key matters discussed at the Fifty-Seventh (57th) 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 Thursday, 28 November 2019 at 11.00 a.m.

No.	Key questions raised and matters discussed	The Company's responses
1.	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. When will the Board formulate a dividend policy?	The Board had on 26 November 2019 declared an interim dividend of 2.0 Sen per share, totaling RM13.3 million and this represents a dividend payout ratio of 16.2% based on the profit after tax of the Group for FY 2019, and this gives an indicative dividend yield of 2.4% based on the closing price of RM0.835 as of 27 November 2019. The Board has adopted a prudent and conservative dividend payout for this FY in view of the current difficult and uncertain market conditions, both domestic and global. The Board is also mindful of the obligations to redeem RM132 million of Redeemable Preference Shares, which are due for redemption by end February 2020. The Board will continue to give careful attention to evaluate with a view to formulate a dividend policy which will provide sustainable returns to shareholders for their continuous support, after taking into consideration various factors such as earnings, debts, growth and potential investment opportunities.

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2.	Shared prosperity should start with listed company sharing the company's profit with the shareholders (fair dividend) unless the company have better use of capital and can generate high return on capital. Looking at the five years financial highlights, INSAS did not do well in this scorecard. The shareholder suggested to the Board to distribute higher dividend to INSAS's 25,726 shareholders. With cash in hand of 25,726 peoples, they can generate more buying/trading/investing activities that will benefit Malaysia economy and stock market.	As stated in Q1, the Board will evaluate with a view to formulate a dividend policy which will provide sustainable returns and rewards to shareholders for their continuous support.
3.	INSAS valuations are compelling with share prices trading 68% and 71% below its BVPS of RM2.62 and RNAV of RM2.88 (despite applying a 30% investment holding discount), respectively. We believe such steep discounts could provide sufficient margin of safety and cushion further price fall, thanks to the strong growth from its technology related divisions (predominantly from INARI) and stable earnings from its financial services and credit & leasing and retailing businesses as well as its solid balance sheet (with net cash/equivalent of RM390m or 56sen/share). Given the abundant net cash (66% share price), INSAS has solid capacity to declare sustainable (or higher) dividends in future, despite prevailing headwinds. Controlling shareholder Dato' Sri Thong, HLIB research and all minority shareholders are in agreement that INSAS is the most undervalued company on Bursa Malaysia. Are there any steps to be taken in unlocking the value of INSAS during FY2020?	The Board will always carry out its fiduciary duties diligently with due care in the best interest of the Company, and will strive to deliver good financial results and maintain a strong and healthy balance sheet for the Company with primary objectives to create and enhance shareholders value. The Board intends to evaluate with a view to formulate a dividend policy which will provide sustainable returns and rewards to shareholders for their continuous support.

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4.	Do the board has plan to seek SC and shareholder approval to waive obligation on the Major Shareholders and/or person acting in concert with them to undertake mandatory general offer pursuant to the Code if proposed share buy-back trigger the MGO’s threshold?	The Board has not received any notice from any Major Shareholders and Persons Acting in Concert (“PAC”), and in the event such notice is received, the Board will announce the waiver application 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 as a result of a share buy-back scheme by the Company and/or the exercise of any conversion rights into new voting shares of the Company. Any such application for exemption will require the approval from independent / non-interested shareholders of the Company at a general meeting.
5.	The Auditors were requested to confirm how they verified the existence of the Group’s deposits with licensed banks and financial institutions of RM554 million during their course of audit.	Ms Foo Lee Meng from Grant Thornton Malaysia replied that the bank balances and deposits have been verified by way of inspection of bank statements and direct written confirmation from the banks and financial institutions, and the auditors are satisfied that Insas Group has the said amount of cash with the banks and financial institutions.
6.	Regarding the Company’s recent announcement on the disposal of the Group’s car rental businesses in Singapore, how will this affect the Group’s car rental investment?	The Group runs car rental businesses in Malaysia and Singapore. The car rental business in Singapore has become very challenging in recent years following the merger of Grab and Uber. The disposal is a rationalisation exercise of the car rental division by selling the Singapore car rental businesses back to the original founder and principal director, and the Company will re-acquire 100% ownership of the car rental businesses in Malaysia. The Board is of the opinion that the disposal provides an opportunity for the Company to unlock and realise the value of its overseas investment and to bring back the foreign investment and earnings back to invest further in its car rental operations in Malaysia.

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<tr><th>No.</th><th>Key questions raised and matters discussed</th><th>The Company’s responses</th></tr>
<tr><td>7.</td><td>Please provide Numoni Ptd Ltd’s (“Numoni”) last financial year P&L statement, balance sheet and equity structure.</td><td>Numoni is a 49.6% owned associated company of the Company, and its financial position as at 31 December 2018 and Profit or Loss for the financial year ended 31 December 2018 are :

<table><tr><th>Financial Positions as at 31 December 2018</th><th>SGD’000</th></tr><tr><td>Total Assets</td><td>1,488</td></tr><tr><td>Total Current Assets</td><td>1,345</td></tr><tr><td>Total Liabilities</td><td>(3,664)</td></tr><tr><td>Shareholders’ Equity</td><td>(2,176)</td></tr></table>
<table><tr><th>Profit or Loss for the financial year ended 31 December 2018</th><th>SGD’000</th></tr><tr><td>Revenue</td><td>615</td></tr><tr><td>Loss after tax from continuing operations</td><td>(1,124)</td></tr></table></td></tr>
<tr><td>8.</td><td>Numoni is a financial technology (Fintech) company incorporated in Singapore and 49.6% owned by Insas Technology. Note: 42.6% (2018): 28.4% (2017).

What is Insas’s plan for Numoni?</td><td>Insas is an investor owing 49.6% share in Numoni. Numoni is in the process of disposing a major subsidiary and upon completion, Numoni intends to wind down gradually and return surplus funds to its shareholders.

INSAS continues to see Fintech as an important sector to invest into for the future. Most likely, Insas or a related company will acquire the remaining of Numoni’s IT related assets to position for the next Fintech wave.</td></tr>
<tr><td>9.</td><td>Tan Sri Halim Saad, the executive vice chairman of Sumatec Resources Bhd, partners Dato’ Wong Gian Kui in the quest ti acquire Khazanah’s stake in PLUS, based on the offer letter to the government.

What is the role of INSAS in the bid to buy Khazanah’s 51% stake in PLUS Malaysia Bhd by Tan Sri Halim Saad?</td><td>The Board wishes to state that Insas is not involved in the above proposals made by Tan Sri Halim Saad.</td></tr>
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10.	Is the 15,756,625 Inari Warrant booked in INSAS Balance sheet as associate company or financial assets at fair value through profit or loss?	Insas Plaza Sdn Bhd, whose principal activities is in investment holding, investment trading and property investments and is a wholly-owned subsidiary of Insas, holds the Inari Warrants and classifies the investment in Inari Warrants as "***financial assets at fair value through profit or loss"*** in accordance to MFRS 9, Financial Instruments. The Group cannot classify these Inari Warrants as part of its "***investment in associate company***" pursuant to MFRS 128, Investments in Associates and Joint Ventures. The Group can only recognize it as part of "***investment in associated company***" after it has converted the Warrants into Inari shares.
11.	What is the original cost or book value of this 15,746,625 Inari warrant and what the Board intend to do with these warrants as warrants expiry date is 17 Feb 2020?	The original cost of Inari Warrants in the book of Insas Plaza Sdn Bhd is Nil, and the fair value as at 30 June 2019 is RM16.5 mil. The company is entitled to sell the Warrants or convert the Warrants into Inari shares before the expiry date, and the Management will make the decision soon.
12.	Inari is targeting to grow its light emitting diode (LED), fiber optics and sensor product portfolio. Inari is working with its major German customer to develop several new products being fine pitch LED used in billboards and other public display panels and also health sensors as well as vertical cavity surface emitting laser (VCSEL) components for both 2D and 3D sensing applications. This and relocation plans of companies moving out of China due to the ongoing USA tariff issue will add new and potential customers for the new 680,000 sq ft Inari P34 plant located in Batu Kawan, Penang. These developments should contribute to new revenue growth for FY2020 and beyond. What is the progress of above development and target?	Inari's business is progressing as described above and as disclosed by Inari in their Bursa announcements and Annual Report. Inari does not offer targets for its business and therefore Insas is unable to comment further. Insas has done well from the Inari investment and we believe our investment in Inari will continue to give positive returns.

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13.	Any plan and steps taken to turnaround Melium group for FY2020.	Melium has taken many steps to turnaround its fashion and F&B business units for FY2020 including expansion of 3 fashion retail outlets (include MCM store in Pavilion & KLCC), 1 food & beverage outlet and closing down 2 loss making units.
14.	Perhaps Management can better utilise deposits and cash balances to pare down loans, borrowings and hire purchase payable to save on interest expenses?	Moderate financing is beneficial to the Group as:- • Cash reserves allow the Group to invest when opportunity arises; • Majority of interest expense is tax deductible; • Our strong security coverage provided to banks, prompt payments of interest and repayments of loan principal sums build and improve our business relationships with bankers and enhance credit scores, and these will facilitate the Group's application for banking facilities in the future.
15.	What is the purpose and interest earned from deposit in Australia dollar of RM equivalent 167,694,000, deposit in UK Pound of RM equivalent 49,471,000? And interest paid for borrowing is USD and Euro of RM equivalent of 58,030,000 and 21,466,000?	This relates to the Management's strategies in maximizing return and mitigating market risks, including foreign currency exchange risks. The AUD & Pound are pledged to financial institutions which provide USD & Euro credit facilities to finance the acquisition of USD and Euro marketable securities and financial instruments, thereby reducing the forex exposures. The Board and management team closely monitor the Group's investment performance, market conditions and make necessary changes in allocation of funds and financing arrangements to protect the interest of the Group.

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16.	Technology and IT-related manufacturing, trading and services:- - Sale of goods and services: RM 24,710,000(2019), RM17,529,000(2018) This revenue is from what type of goods and services, the profit margin and expected revenue growth rate?	These revenues are mainly tech related products traded on project-by-project basis. These are mainly opportunistic driven based on the directors' investment experience and contacts in markets, and will vary from year to year. The profit margin varies from below 1% to 3%. The trading is volume driven and will nominally have back-to-back arrangements to minimize debt risk. For the last few years, Insas Technology sets a nominal annual target of about RM20 million in volume for this form of trading. So far Insas Technology has not incurred any losses on this business due to careful trading. Based on our assessment, RM20 million is the annual revenue which the trading business can be conducted profitably and safely. We do not plan to expand beyond this volume unless exceptional opportunities arise.
17.	What had happen to the wine merchant and retail trading business as revenue dropped drastically from RM 4,739,000(2018) to RM 364,000(2019)?	Sale of goods and services in retail trading and car rental division is a very small contributor to the Group revenue and the nature of transaction is mainly ad-hoc or one-off. 2018 was significantly higher due to disposal of cars and one-off installation service of car rental system provided.
18.	What is Insas plan for DGSB?	Insas intends to hold the investment in DGSB for long term and to derive benefits from equity accounting of its results, receive dividend income and future capital appreciation. DGSB is carrying out a rationalization exercise which includes the disposal of a substantial subsidiary in Thailand and has started investment in food technology based businesses in Malaysia.