



MINORITY SHAREHOLDERS WATCH GROUP
Shareholder Activism and Protection of Minority Interest

23 November 2018

BY FAX/HAND

(Fax No: 603-22824688)

The Chairman and
Board of Directors
INSAS BERHAD
No. 45-5, The Boulevard, Mid Valley City
Lingkaran Syed Putra, 59200 Kuala Lumpur

Attention: Ms Chow Yuet Kuen
Ms Lau Fong Siew
Company Secretaries

Re: 56th Annual General Meeting (AGM) of Insas Berhad ("IB") on Wednesday, 28 November, 2018

In the interest of minority shareholders and all other stakeholders of the Group and the Company, we would like to raise the following:-

Strategy & Financial Matters

- 1) Please provide the following information in relation to the Group's lending arm, Insas Credit & Leasing Sdn Bhd, a boutique structured finance provider to selected sophisticated investors and corporations seeking short and medium term financing (page 9, Annual Report ('AR')).
 - a) The financing budget/target for FY2019.
 - b) The aging experience of the loan portfolio as at FY2018.
 - c) The loan credit guidelines and monitoring mechanism and are they as stringent as the guidelines adopted by financial institutions.
 - d) The non-performing ratio as at FY2018.
- 2) For FY2018, Inari reported a revenue of RM1,376 million, a 17% increase as compared to RM1,177 million in FY2017, and its earnings improved from RM229 million to RM260 million. Can the Company sustain its revenue and earnings' performance for FY2019? (page 9, AR).
- 3) What is the current status of Numoni, a Fintech initiative by the Group? What strategies have been taken to address Numoni's inability to gain traction into the industry controlled by Alipay and Wechat Pay in the region? What are the targets for Numoni in FY2019?

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

(Incorporated in Malaysia • Company No: 524989-M)
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- 4) In relation to the Car rental business (page 10, AR):-
- a) What is the total loss incurred arising from the closure of 5 non-performing branches under Insas Pacific Rent-A-Car Sdn Bhd?
 - b) What is the average utilisation rate for Tribecar Pte. Ltd in FY2018?
 - c) For FY2018, Tribecar Pte. Ltd's revenue increased 10-fold to RM15 million. What is the expected revenue for FY2019?
- 5) In relation to the retail trading business segment, (pages 13 and 110, Note 11, AR), what are the efforts to address the losses for the Medium Group and when is the Group expected turn-around.

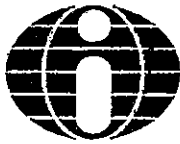
We would appreciate if the Board could present the points raised here, and their related answers, for the shareholders present at the forthcoming AGM. At the same time, we await a written reply as soon as possible for our records.

Thank you.

Yours sincerely



Devanesan Evanson
Chief Executive Officer
DE/qba/IB/AGM 2018



INSAS BERHAD (4081-M)

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Our Ref: IB/2018/MSWG/7810

28 November 2018

Badan Pengawas Pemegang Saham Minoriti Berhad

Tingkat 11, Bangunan KWSP

No. 3 Changkat Raja Chulan

50200 Kuala Lumpur

Attention : Devanesan Evanson – Chief Executive Officer

Dear Mr. Devanesan,

FIFTY-SIXTH (56TH) ANNUAL GENERAL MEETING OF INSAS BERHAD

We refer to your letter dated 23 November 2018 in relation to the above matter and wish to reply to the points raised as follows :-

STRATEGY & FINANCIAL MATTERS

Question 1:

Please provide the following information in relation to the Group's lending arm, Insas Credit & Leasing Sdn Bhd, a boutique structured finance provider to selected sophisticated investors, and corporations seeking short and medium term financing (page 9, Annual Report ("AR")).

- (a) The financing budget/target for FY2019;
- (b) The aging experience of the loan portfolio as at FY2018;
- (c) The loan credit guidelines and monitoring mechanism and are they as stringent as the guidelines adopted by financial institutions; and
- (d) The non-performing ratio as at FY2018

Reply:

- (a) Insas Credit & Leasing Sdn Bhd has a total outstanding loan portfolio in excess of RM200 million as of 30 June 2018, and the gross revenue for the FY 2019 should exceed RM25 million.
- (b) The loan portfolio that is past due is low, and the loans are adequately secured by collaterals. The finance team and management monitor closely the loan to value financing position and the interest and repayment schedules.

- (c) The Company carries out detailed “Know Your Customers” screening which are quite similar to those adopted by the financial institutions, including and not limited to credit risk evaluation and assessment, evaluation of the proposed collaterals to be pledged, the businesses undertaken by the customers and its financial performance, prior to the granting of loan facilities to our customers. Thereafter, the customers’ performance such as the margin of financing, interest and loan servicing are monitored closely by finance department and report to the management on daily basis, and the loan facilities are reviewed periodically by the management.
- (d) There was no non-performing loan as at FY2018.

Question 2:

For FY2018, Inari reported a revenue of RM1,376 million, a 17% increase as compared to RM1,177 million in FY2017, and its earnings improved from RM229 million to RM260 million. Can the Company sustain its revenue and earnings’ performance for FY2019? (page 9, AR)

Reply:

Inari is a PLC on its own and it did not issue any revenue and profit forecast for the FY2019. Despite the current geo-political and geo-economic uncertainties arising from the trade-war, Inari Group remains cautious while continuing to work towards delivering positive performance from its continuing manufacturing activities with focus on managing costs and margins, and the implementation of Industry 4.0 to achieve greater efficiencies towards lowering of the manufacturing costs.

Question 3:

What is the current status of Numoni, a Fintech initiative by the Group? What strategies have been taken to address Numoni’s inability to gain traction into the industry controlled by Alipay and Wechat Pay in the region? What are the targets for Numoni in FY2019?

Reply:

Numoni is a fintech startup. While it has not been able to gain traction in the e-payment industry, it continues to hold remittance licenses in Malaysia and Indonesia, as well as an e-wallet license in Malaysia. Numoni is currently working on partnership or trade sale opportunities as the e-wallet businesses grow, at the same time continuing to develop its product platforms. We believe fintech continues to be an important space for the Group to invest alongside its other Tech portfolio.

Question 4:

In relation to the Car rental business (page 10, AR):-

- (a) What is the total loss incurred arising from the closure of 5 non-performing branches under Insas Pacific Rent-A-Car Sdn Bhd?
- (b) What is the average utilization rate for Tribecar Pte Ltd in FY2018?
- (c) For FY2018, Tribecar Pte. Ltd's revenue increased 10-fold to RM15 million. What is the expected revenue for FY2019?

Reply:

- (a) The one-off total losses incurred from the closure of 5 non-performing branches is approximately RM345,000.
- (b) The average monthly utilization for Tribecar for FY 2018 is 54.3%; weekday utilization rate is 35.0% and weekend/public holiday is 80.0%.
- (c) The targeted revenue for FY2019 is RM21 million.

Question 5:

In relation to the retail trading business segment, (pages 13 and 110, Note 11, AR), what are the efforts to address the losses for the Melium Group and when is the Group expected to turn-around?

Reply:

For the F&B units, the main strategies taken to reduce losses are to control food and labour costs. This entails better planning and close monitoring of sales and staffing needs to prevent overstaffing (especially part time workers) and food supplies to reduce wastages whilst maintaining good services and food quality.

For the fashion units, strategies taken include enhanced marketing efforts to improve sales and reduce overhead costs via renegotiating rent rates with landlords and reduce staff related expenditure.

The Melium Group is working hard to return to profitability although the current economic environment remains unfavorable to the retail businesses, and Melium hopes to achieve this within the next 2 years.

The Board will present this reply to the shareholders present at the forthcoming 56th Annual General Meeting of the Company on 28 November 2018.

Please do not hesitate to contact us if you should require any further clarification.

Yours faithfully
INSAS BERHAD



Winnie Ng
General Manager - Finance