

INNITY CORPORATION BERHAD (764555-D)
(Incorporated in Malaysia)

NOTES IN RESPECT OF THE QUESTION-AND-ANSWER (“Q&A”) SESSION AT THE TENTH ANNUAL GENERAL MEETING OF THE COMPANY HELD AT GREENS I, JALAN CLUB TROPICANA, TROPICANA GOLF & COUNTRY RESORT, 47410 PETALING JAYA, SELANGOR DARUL EHSAN, ON THURSDAY, 1 JUNE 2017 AT 9.30 A.M.

Proxy Q: Based on the geographical breakdown, Innity Corporation Berhad (“Innity” or “the Company”) has been performing well in the Philippines and China. However, the profits have been stagnant for Malaysia, Singapore and Indonesia segments, although revenue is improving. What is the reason for the margin contraction in those countries?

Chairman A: Innity China Co., Limited, which has been performing well, is based in Hong Kong. Malaysia, Singapore and Indonesia are the earlier market penetration for the Company. The Company has the biggest staff force in Malaysia. Malaysia segment has absorbed substantial operational costs for other country segments, such as Research and Development costs. This year, the Company has charged the respective subsidiaries on the costs incurred.

For Indonesia, there are a lot of start-ups eyeing our talents and the talent loss has impacted the Company’s performance. However, the Company has overcome the problem by rebuilding a stronger team.

For Singapore, the reasons are organisation restructuring and manpower issues. However, Singapore’s first quarter result for the financial year ending 31 December 2017 is strong.

Proxy Q: The next question is on the growth potential. May I know how much Yahoo! Singapore Digital Marketing Pte Ltd’s (“Yahoo!”) South East Asia inventories has the Company been utilising from the Yahoo! Reseller Partnership Agreement? Is there any growth potential?

Chairman A: The Company is focusing on a few countries, mainly Malaysia and Indonesia. It’s very hard to gauge how much inventories the Company has utilised. I think Innity Sdn. Bhd. is the only company utilising Yahoo!’s inventories. There are some undisclosed utilisations and thus, I am unable to reveal an exact figure.

Although Yahoo! was acquired recently, the Company does not foresee any impact on South-east Asia in the short term. Everything will remain status quo. It’s just that the traffic might not be as strong as last time. The Company is working closely with Yahoo! to solve the issue.

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- TENTH ANNUAL GENERAL MEETING

Shareholder Q: (i) In terms of the size of inventories, how big is Tencent compared with Yahoo!?
(ii) Is Innity the only company utilising Tencent's inventories?

Chairman A: (i) In South-east Asia, I think Yahoo! is still bigger than Tencent. Tencent is more popular in China. The objective for Innity Sdn. Bhd. to enter into a reseller partnership agreement with Tencent is not just to leverage on Tencent's market share in South-east Asia. In fact, a lot of businesses are interested to advertise to the China market. In China, Yahoo! is insignificant as Tencent is very big there. As the leading online media and advertising technology provider in China, Tencent has traffic from the Chinese community in South-east Asian countries.
(ii) The Company is the only preferred partner of Tencent and is authorised to buy into Tencent's inventories at the moment.