



ATLAN HOLDINGS BHD. (173250-W)
(Incorporated in Malaysia)

Summary of key matters discussed at the Thirtieth Annual General Meeting (“**AGM**”) of the Company held at the Meeting Room, Wisma Atlan, 8 Persiaran Kampung Jawa, 11900 Bayan Lepas, Penang on Monday, 5 August 2019 at 11:00 a.m.

Attendees:

1. The Board of Directors
2. The Company Secretary
3. Representatives from Messrs. Ernst & Young, the external auditors
4. Shareholders / Proxies / Authorised Representative / Invitees and others as per attendance list

AGENDA 1:

TO RECEIVE THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2019 TOGETHER WITH THE REPORTS OF THE DIRECTORS’ AND AUDITORS’ THEREON

The Audited Financial Statements (“**AFS**”) of the Company for the financial year ended 28 February 2019 together with the Directors’ Statements and Auditors’ Report were tabled to the meeting.

The Company had on 31 July 2019 received a letter from the Minority Shareholders Watch Group (“**MSWG**”), who had raised some questions on the Company’s financial performance and Corporate Governance. The meeting noted the reply from the Company to MSWG’s queries, which are summarised as follows: -

No.	Questions raised by the MSWG	Summary of the Company’s reply
1)	<p><u>Strategy and Financial Matters</u></p> <p>The public shareholdings spread of the Company was 20.33% as of 28 June 2019 (announcement dated 12 July 2019). What are the measures taken to improve public shareholdings spread in order to comply with Section 8.02(1) of the Main Market Listing Requirements?</p>	<p>The Board is well aware of the situation, we are constantly monitoring the public shareholdings spread and consistently making announcement required by Bursa.</p> <p>Thus far the Company has been continuously trying to engage the market such as current investors as well as potential investors to keep the public informed about the Group, which includes but not limited to face-to-face meetings, conference calls and group briefings.</p> <p>However, it was also noted that the Company is not in the position to control the securities’ transactions if the major shareholders do not dispose some of their shares to improve the liquidity of the Company’s shares.</p>



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2)	<p>The Company has entered into a strategic collaboration with Heinemann Asia Pacific Pte. Ltd. ("HAP") in FY2017 to grow the duty-free business, with the latter now holding a 15% stake in DFZ Capital Sdn Bhd - an indirect subsidiary of the Company (page 15 of AR2018). How has the performance of the strategic collaboration been so far? Will this collaboration help to uplift the performance of Atlan given the current challenging operating environment (page 15 of AR2019)?</p>	<p>HAP is one of the top players on the international travel retail market as well as leader on the European market. Through the strategic partnership arrangement between the Company's subsidiary, DFZ Capital Sdn Bhd ("DFZ") with HAP, the Group is leveraging on HAP's resources and expertise in the areas of purchasing, merchandising, product assortment or costing, retail store management, distribution and logistics management. DFZ also hopes that the collaboration can further improve the efficiency of the Group's procurement function and logistics management.</p> <p>Collaboration is still going through certain adjustments and modifications; we hope to see more benefits coming through in the near future.</p>
3)	<p>How does the Company's duty-free business benefit from the government's measures to boost the tourism sector such as the RM100 million grant, and the 2% interest subsidy for RM500 million worth of loan facilities under the SME Tourism Fund (P.24 of AR2019)?</p>	<p>RM500 million worth of loan facilities under the SME Tourism Fund by SME Bank will be used to assist the handicraft makers and homestay operators to expand their business. (P.38, Budget 2019) which will indirectly benefit us through the increase of the number of tourists. The Budget Malaysia 2019 encompassed the government's efforts to promote tourism. One of the efforts includes the making of Pulau Pangkor as a duty-free island and the extension of Pulau Langkawi's duty-free island status which will benefit us tremendously as the major player of Duty-Free product retailer.</p> <p>The Group's retail outlets are located at key entry and exit points of Peninsular Malaysia which include duty-free zone, border towns,</p>



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		international airports, seaports, islands, downtown and popular tourist destinations. Therefore, we are optimistic with the Government's efforts in increasing tourist arrivals to Malaysia.
4)	In pursuant to the Company's announcement dated 19 July 2019, what is the rationale of exploring the probability of listing United Industries Holdings Sdn Bhd - a subsidiary of Atlan, on The Exchange of Hong Kong Limited (HKEX) since the operation and business of the Companies are primarily based in Malaysia?	<p>The main rationale for the proposed listing of United Industries Holding Sdn Bhd (UIH) is to: -</p> <ul style="list-style-type: none"> (i) As the HKEX is a globally recognised stock exchange, the Company expects the Proposed Listing to provide global visibility to its automotive business and in turn, expand its customer base. It is the Company's intention to build and enhance the global reputation of its automotive business by obtaining its own listing status; (ii) The Proposed Listing is expected to unlock shareholders' value in the automotive business and provide a transparent valuation benchmark for the same in Hong Kong; (iii) The Proposed Listing will enable to UIH to gain standalone and direct access to the Hong Kong capital market for future expansion or fund-raising exercises for the automotive parts business. This would free up the Group's financial resources for the future development of its other businesses; and (iv) The Proposed Listing will enhance UIH's capital base and strengthen its financial position to achieve its long-term objectives and ensure sustainable development of the automotive parts business.
5)	What was the rationale of the Company to invest RM30 million in debt securities	Debt securities of RM30 million comprised a Medium-Term Note



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	In FY2019 (FY2018: nil, P.96 of AR2019)?	<p>(MTN), which expired on 25 March 2019 with coupon rate of 6% per annum. On 25 March 2019, the company received RM30.9 million, being the principal amount of RM30.0 million, together with six months interest of RM0.9 million (P.168, AR 2019) (Duty Free International Limited announcement dated 11 July 2019 on SGX website).</p> <p>In terms of the rationale for the Company to subscribe for MTN earlier, the Company also clarified that MTN is approved by the Securities Commission Malaysia. The debt securities provided an interest yield of 6.0% per annum, which is higher than the fixed deposit rate offer by the Bank. This was part of the treasury management which aimed to improve the profits of the Company.</p>
6)	What is the update on the material litigation related to the Bills of Demand amounting to RM41.59 million from the Royal Malaysian Customs State of Perak, after the High Court has then granted an interim stay until the disposal of the hearing on 13 March 2019 (P.202, AR 2019)	The case is still currently pending a decision from the Court of Appeal. The Company will make necessary announcement when there is outcome on the case from the Court of Appeal.
1)	<p><u>Corporate Governance Matters</u></p> <p>Based on the Corporate Governance (CG) report of the Company on the application of the Practices under the Malaysian Code on Corporate Governance (MCCG), please clarify the following:</p> <p>(a) Practice 4.5 - The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large</p>	<p>In terms of disclosure on "gender diversity policy", Bursa Malaysia Securities Berhad has clarified the following through their FAQ, as published in its website:</p> <p><i>"Paragraph 15.08A(3) of the Main Market Listing Requirement does not explicitly require the Company to disclose the targets and measures taken to meet the targets in relation to its gender diversity policy when the</i></p>



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	<p>Companies, the board must have at least 30% women directors.</p> <p>As mentioned in Practice 4.4, the Board did not set specific targets on gender diversity for the Company but endeavor to improve the number of women directors on the Board, based on pre-determined skill sets and competencies.</p> <p><u>MSWG's comment:</u> Chapter 15, Paragraph 15.08A(3)(a) of the AMLR requires a listed issuer to have a policy on board composition having regard to the mix of skills, independence and diversity (including gender diversity).</p>	<p><i>Company provides its statement on the activities of its nominating committee pursuant to paragraph 15.08A(3) of the Main Market Listing Requirements.</i></p> <p><i>However, a listed issuer is encouraged to disclose the targets and measures taken to meet the targets in relation to its gender diversity policy as recommended in the Malaysian Code on Corporate Governance."</i></p> <p>From the Board's viewpoint, gender is only one element of diversity. Experience, background, knowledge, skills and insight are equally important and relevant criteria in selecting new Board members. The Company does not practice any form of gender, ethnicity and age group biasness as all the candidates for either Board or Senior Management team shall be given fair and equal treatment. Hence, the Board did not set specific targets on gender diversity for the Company but endeavour to improve the number of women directors on the Board going forward, based on pre-determined skill sets and competencies</p> <p>At present, the Company has also disclosed in the Annual Report 2019 on the gender diversity in Atlan's middle management which 50 percent are women representatives compared to only 42 percent in FY2018 (P.37 and P.39 of AR 2019).</p>
2)	<p>The Company intends to seek shareholders' approval to pay benefits in kind and meeting allowances of up to RM200,000 to the Non-Executive Directors (NEDs) from the conclusion of the 30th AGM till the next AGM (P.210 of AR 2019).</p>	<p>Pursuant to Section 230(1)(b) of the Companies Act 2016, which took effect from 31 January 2016, any benefits payable to the directors of a listed company and its subsidiaries shall be approved by a general meeting.</p>



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	<p>However, the amount of benefit paid to NEDs of the Company was nil in FY2019 (P.60 and P.32 of AR 2019). Please explain.</p>	<p>At present, the Company has a total of Eight (8) Non-Executive Directors and the said proposed mandate for the Directors' benefit is aimed to cover medical expenses (if it is incurred by the Non-Executive Directors) and any other contingencies that may be incurred by the Non-Executive Directors before the Company could reimburse or pay to the Non-Executive Directors as and when they have incurred the same.</p> <p>However, there were no such contingencies incurred by the Non-Executive Directors and thus, the amount of benefit paid to the NEDs was nil in FY2019.</p>

There being no other question, the Meeting accepted the audited financial statements for the financial year ended 28 February 2019, together with the Reports of the Directors and Auditors thereon as presented.

AGENDA 2:

- a) **ORDINARY RESOLUTION 1 - RE-ELECTION OF DATO' SRI ADAM SANI BIN ABDULLAH AS DIRECTOR**
- b) **ORDINARY RESOLUTION 2 - RE-ELECTION OF DATO' SRI ROBIN TAN YEONG CHING AS DIRECTOR**
- c) **ORDINARY RESOLUTION 3 - RE-ELECTION OF TAN THIAM CHAI AS DIRECTOR**

The re-election of Dato' Sri Adam Sani bin Abdullah, Dato' Sri Robin Tan Yeong Ching and Tan Thiam Chai who retired from office in accordance with Article 78 of the Constitution of the Company and being eligible, offered themselves for re-election, were approved by the shareholders.

AGENDA 3:

ORDINARY RESOLUTION 4 - RE-APPOINTMENT OF MESSRS. ERNST & YOUNG AS AUDITORS OF THE COMPANY FOR THE ENSUING YEAR

The re-appointment of Messrs. Ernst & Young as Auditors of the Company on a remuneration to be determined by the Directors was approved by the shareholders.



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AGENDA 4:
AS SPECIAL BUSINESS, TO PASS THE FOLLOWING RESOLUTIONS: -

i) ORDINARY RESOLUTION 5 – APPROVAL FOR THE PAYMENT OF DIRECTORS’ FEES OF RM260,500 FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2019

The payment of the Directors’ fees of RM260,500 to the Directors of the Company for the financial year ended 28 February 2019 was approved by the shareholders.

ii) ORDINARY RESOLUTION 6 – APPROVAL FOR THE PAYMENT OF BENEFITS PAYABLE TO THE DIRECTORS

The payment of the benefit payable to the Directors up to an amount of RM200,000 from the conclusion of this meeting until the next Annual General Meeting of the Company pursuant to Section 230(1)(b) of the Companies Act, 2016 was approved by the shareholders.

iii) ORDINARY RESOLUTION 7 - AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 & 76 OF THE COMPANIES ACT, 2016

The authority for the Directors to issue and allot shares pursuant to Sections 75 & 76 of the Companies Act, 2016 was approved by the shareholders.

iv) ORDINARY RESOLUTION 8 - MANDATE FOR EN. MOHD SHARIF BIN HJ YUSOF WHO HAS SERVED AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR OF THE COMPANY FOR A CUMULATIVE TERM OF MORE THAN NINE (9) YEARS, TO CONTINUE TO ACT AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR OF THE COMPANY

The mandate for the retention of En. Mohd Sharif bin Hj Yusof to act as an Independent Non-Executive Director of the Company was approved by the shareholders.

v) SPECIAL RESOLUTION - PROPOSED ADOPTION OF A NEW CONSTITUTION OF THE COMPANY

The proposed adoption of a new constitution of the Company as set out in the Circular to Shareholders dated 28 June 2019 was approved by the shareholders.

The meeting concluded at 12.15 p.m.