



ATLAN HOLDINGS BHD.
Registration No. 198801005893 (173250-W)
(Incorporated in Malaysia)

Summary of key matters discussed at the Thirty-first Annual General Meeting (“**31st AGM**”) of the Company conducted on a fully virtual basis via Remote Participation and Voting facilities (“**RPV**”) at the Broadcast Venue, Boardroom, 18th Floor, Menara Atlan, 161B, Jalan Ampang, 50450 Kuala Lumpur, on Wednesday, 23 September, 2020 at 2:30 p.m..

Attendees:

- Present at Broadcast Venue:
1. The Board of Directors
 2. The Company Secretary
 3. Representative from Messrs. Ernst & Young PLT, the External Auditors
- Participated via RPV:
1. Shareholders, corporate representatives and Proxy holders

Chairman, Poll Administrator and Scrutineer

The Meeting noted that the Chairman of the Board, Dato’ Sri Adam Sani bin Abdullah was unable to participate at the 31st AGM and thus, Dato’ Sri Robin Tan Yeong Ching was appointed as the Chairman of the Meeting (“**Dato’ Sri Chairman**”).

Dato’ Sri Chairman welcomed all participants to the 31st AGM of the Company.

Company Secretary informed the Meeting that SS E Solutions Sdn. Bhd. was appointed as the Poll Administrator whilst Commercial Quest Sdn. Bhd. was appointed as the Independent Scrutineer to verify the result of the poll voting.

Resolutions passed in 31st AGM

All the resolutions tabled at the 31st AGM of the Company held on 23 September 2020 were duly passed by the shareholders, as set out in the Notice of 31st AGM. The shareholders also received the Audited Financial Statements of the Company and of the Group, together with the Reports of the Directors and Auditors thereon, for the financial year ended 29 February 2020. The poll results are annexed herewith as “**Appendix A**”.

Questions and Answers

Dato’ Sri Chairman informed that the Company had on 11 September 2020 received a letter from the Minority Shareholders Watch Group (“**MSWG**”) raising some questions on the Company’s financial performance and Corporate Governance.

A summary of questions raised by MSWG and Mr. Au Yong Chee Hoong, a shareholder together with the summarised responses by the Company, is as follows: -

No.	Questions raised by the MSWG	Summary of the Company’s reply
1)	<p><u>Strategy and Financial Matters</u></p> <p>Key strategy of the Group in FY21 is to focus on strategic planning, resource allocation and further cost optimization</p>	<p>With the implementation of cost-cutting measures, the overheads expenses and fixed costs such as</p>



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	<p>to weather the highly challenging global landscape. As such, the group has carried out cost-cutting measures on overheads and fixed costs included downsizing of manpower, leave clearance, deferral of discretionary expenses, non-critical capital expenditures, salary cut, reduction of fixed monthly allowance and non-pay leave (page 24 of Annual Report 2020).</p> <p>What are the measurable effects achieved from the cost optimization measures? Are Board members and senior management subjected to the fee/salary and allowance cut?</p>	<p>payroll and payroll related expenses, rental expenses, utilities, administrative and marketing expenses have significantly decreased, the impact will be reflected in the forthcoming quarters of AHB Group results.</p> <p>Reduction of salary and allowance of all staff including senior management and Executive Director had been implemented on 1 April 2020 until further notice. Attendance allowance for Non-Executive Directors of RM1,000 per day has remained the same, whilst the proposed fees for Non-Executive Directors will be subject to approval in the next Annual General Meeting in year 2021.</p>
2)	<p>The duty-free business segment accounts for 73.8% (RM616.6 million) of the Group's RM835.3 million revenue in FY20. Segmental pre-tax profit declined 67.3% year-on-year to RM19.2 million (FY19:RM58.7 million) (page 22 of AR2020).</p> <p>The duty-free segment is expected to be affected by severe slowdown in tourism activities due to COVID-19 pandemic. What are the mitigation measures to cushion the severe business impact? Has domestic travel been able to partially offset the impact from international travel activities?</p>	<p>The Group's duty-free retail outlets at the Malaysia-Thai border and airport outlets remained closed as at the date of this meeting. Similarly, the Group's operations in Singapore have also been impacted with similar restrictions imposed by the Singapore government.</p> <p>DFI Group has carried out cost cutting measures on the Group's operating overheads and fixed costs, such as manpower planning, deferral of all discretionary expenses, non-critical capital expenditures and closure of non-performing outlets. While the Group remains cautious and prudent in its cost management and capital allocation, the Group intends to continue investing in various initiatives and programmes for strategic growth to ensure business recovery and sustainability.</p> <p>Increased domestic travel is not expected to offset the impact of absence of international travel in the</p>



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		<p>duty-free industry as duty free products can only be purchased by travellers in compliance with Customs rules and regulations i.e. travellers that meet the following conditions:</p> <ul style="list-style-type: none"> • Non-residents having intention to visit Malaysia for not less than 72 hours; and • Residents returning after an absence from Malaysia of not less than 72 hours (for Labuan is 24 hours and for Langkawi or Pulau Tioman is 48 hours). 															
3)	<p>The Company's profit before tax declined by 64%, that is from RM76.8million to RM27.7 million, partly due to the charge of certain non-cash items. A significant portion of these non-cash items relate to the duty-free business (page 22 & 107 of AR2020). The significant non-cash items for the Company are summarised in the table below:</p> <table border="1" data-bbox="300 1406 847 1809"> <thead> <tr> <th></th> <th>FY2020 RM million</th> <th>FY2019 RM million</th> </tr> </thead> <tbody> <tr> <td>Impairment loss on Goodwill</td> <td align="center">11.5</td> <td align="center">-</td> </tr> <tr> <td>Impairment loss on property, plant and equipment</td> <td align="center">5.4</td> <td align="center">0.2</td> </tr> <tr> <td>Impairment loss on receivables</td> <td align="center">2.5</td> <td align="center">-</td> </tr> <tr> <td>Inventory write down and write-off</td> <td align="center">9.5</td> <td align="center">3.3</td> </tr> </tbody> </table> <p>a) What are the reasons for the increase in impairment loss on goodwill, property, plant and equipment and receivables? How will the COVID-19 pandemic affect the impairment loss on receivables?</p>		FY2020 RM million	FY2019 RM million	Impairment loss on Goodwill	11.5	-	Impairment loss on property, plant and equipment	5.4	0.2	Impairment loss on receivables	2.5	-	Inventory write down and write-off	9.5	3.3	<p>All the information below has been extracted from the AR2020.</p> <p>a) <u>Impairment loss on Goodwill</u></p> <p>In accordance with MFRS136: Impairment of Assets requires at least an annual impairment review of goodwill and intangible assets with indefinite useful lives. In circumstances where impairment is assessed to be necessary, impairment will be charged to profit or loss.</p> <p>As at 1 March 2019, the Group had goodwill amounting to RM27.4 million which arose from the acquisition of three subsidiaries in prior years. The Group had recognized impairment loss on goodwill of RM11.5 million during the financial year ended 29 February 2020 ("FY2020"). As at 29 February 2020, the carrying amount of goodwill stood at RM15.9 million.</p> <p>Goodwill is tested for impairment annually and whenever there is an indication of impairment, the</p>
	FY2020 RM million	FY2019 RM million															
Impairment loss on Goodwill	11.5	-															
Impairment loss on property, plant and equipment	5.4	0.2															
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	<p>b) What are the reasons for the inventory write-down and write-off? c) Based on management's forecast, will there be further impairments and write downs required in FY2021?</p>	<p>Group estimates the value in use of the cash generating units to which the goodwill is allocated. Accordingly, at the end of FY2020, the Group had considered the impact of COVID-19 pandemic on the projected cash flows and had prepared probability-weighted discounted cash flow projections for the respective acquisitions based on the financial budgets and assumptions covering a five-year period. The present value of the discounted cashflow was then compared to the cash generating units (carrying value of the acquisitions) and the shortfall had been recognised as an impairment.</p> <p><u>Impairment loss on property, plant and equipment</u></p> <p>In accordance with MFRS136: Impairment of Assets, an entity shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset.</p> <p>The Group assesses at each reporting period whether there is an indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. Recoverable amount is defined as the higher of the asset's fair value less costs to sell and its value-in-use.</p> <p>Accordingly at the end of FY2020, the Group had considered the adverse impact of COVID-19</p>



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		<p>pandemic and had prepared probability-weighted discounted cash flow projections on various possible recovery scenarios of passenger traffics at outlets located at airports and land borders from COVID-19 pandemic related travel restrictions and borders controls, cost-cutting measures and closure of outlets. The present value of the discounted cash flow was then compared to the carrying value of the assets and the shortfall had been recognised as an impairment.</p> <p><u>Impairment loss on receivables</u></p> <p>The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. For receivables, the Group applies a simplified approach in calculating ECLs. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.</p> <p>The total impairment loss on receivables amounted RM2.5 million was mainly due to amount owing by an associate company of RM1.8 million, whilst the remaining RM0.7 million pertained</p>



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		<p>to several receivable accounts. The amounts were impaired as recovery of the receivables had been assessed as highly unlikely.</p> <p>The associate company has been loss making since the last 3 years and was unable to make any payments. The associate company was subsequently disposed of (please see Note 46 (e) on page 221 of AR2020).</p> <p>The Group conducts periodic assessment on its receivable balances on an account-by-account basis. Hence, all impairment losses are provided for specific receivable balances. Management is of the opinion that there are no further factors that warrants the consideration of additional impairment losses on a collective basis as at the current date.</p> <p>b) The high amount of inventories written down mainly relate to certain inventories with short shelf life that had/would expire in March to December 2020 due to the closure of retail outlets as a result of nationwide lockdown due to COVID-19 pandemic, and the projected slowdown in sales. The financial forecasts included different scenarios of possible recovery of passenger traffics at outlets located at airports and land borders from COVID-19 pandemic related travel restrictions and borders controls.</p> <p>c) The Management has taken a robust approach in assessing the impact of COVID-19 pandemic and had provided for the</p>



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		<p>necessary impairments based on its assessments for FY2020, and the Management will continue to do the same in the forthcoming months.</p>
4)	<p>The Group ceased its hotel operations with effect from 30 June 2020 and the hotel will remain closed until visible recovery in tourism activities (page 25 of AR2020).</p> <p>What is the fixed and variable cost of maintaining the hotel while it is closed?</p>	<p>The fixed cost of maintaining the hotel while it is closed is approximately RM40,000 per month which includes maintenance costs for lifts, property and other facilities, water, electricity and utilities expenses. Minimal variable costs is expected to be incurred whilst the hotel is closed.</p>
5)	<p>Trade receivables that are past due for more than 120 days but not impaired has increased 91.25% to RM17.71 million in FY20 from RM9.26 million as at the end of FY19 (page 185, Note 26 Trade and other receivables, AR2020).</p> <p>What are the measures taken to expedite the collection of these overdue receivables? How much of these receivables have been recovered to-date?</p>	<p>Trade receivables that were past due for more than 120 days but not impaired as at 29 February 2020 was RM1.2 million (28 February 2019: RM0.7 million). As at 31 August 2020, RM1.0 million has been collected by the Group.</p> <p>Of the trade receivables that were past due but not impaired (past due for 1 day to more than 120 days) amounting to RM17.7 million as at 29 February 2020, RM16.4 million has since been collected as at 31 August 2020; whilst the remaining sum of RM1.3 million is currently being closely monitored and the Management is confident that the aforesaid receivables will be collected fully in due course.</p> <p>The Group mainly trades with recognized and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, the Management conducts periodic assessment on its trade receivables balances on an account-by-account</p>



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		basis and follow up closely with the respective customers.
1)	<p><u>Corporate Governance Matters</u></p> <p>In FY20, Atlan made a donation of RM2.55 million (FY19: RM4.37 million) to Yayasan Harmoni, a non-profitable non-government organization that Atlan's Chairman Dato' Sri Adam Sani Abdullah founded and in which he is a Board member (page 201, Note 40 Related Party Disclosures, AR2020).</p> <p>What is the rationale of making the donation to a foundation founded by the Chairman? What are the causes of Yayasan Harmoni promotes?</p>	<p>Atlan Holdings Bhd. and its subsidiaries ("AHB Group") is committed to deliver value to shareholders and at the same time perform a role as a socially responsible corporate citizen in the community since year 2005 through its contributions via a non-profit tax exempt organization, Yayasan Harmoni ("YH"), with the objective to perform social and economic programmes, educational programmes and other initiatives so as to help the less fortunate society e.g. amongst others, promote the welfares of orphans, single mothers, students, continuing care of patients with cancer and the less fortunate, on behalf of AHB Group.</p> <p>Simply put, YH is the corporate social responsibility ("CSR") arm of AHB Group to carry out the CSR activities, whereby YH's personnel are fully engaged and focused on CSR activities.</p>
2)	<p>Dato' Sri Robin Tan Yeong Ching, a non-independent non-executive director of Atlan attended only 3 out of 5 board meetings in FY20; an attendance rate of 60%.</p> <p>What is the reason for Dato' Sri Robin Tan not being able to attend all the board meetings since a full year meeting schedule which sets out the meeting dates is prepared and circulated to the Directors before the commencement of each calendar year (page 61 of AR2020)</p>	<p>The current practice adopted by the Company by setting a full year meeting schedule prior to the commencement of each calendar year has helped the Directors to make their planning on their own schedule. Hence, you may notice that Dato' Sri Robin Tan Yeong Ching has in fact achieved 100% attendance for the meetings held in the financial year ended 28 February 2019. However, Dato' Sri Robin Tan Yeong Ching could not be able to attend 2 meetings held during FY2020, mainly</p>



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	to allow Directors make proper planning on their schedule?	<p>due to his ad-hoc business trips and work commitment which required him to travel abroad.</p> <p>Nevertheless, Dato' Sri Robin Tan Yeong Ching has attended 3 out of 5 meetings during FY2020 and fulfilled the meeting attendance requirements as imposed by Bursa Malaysia Securities Berhad.</p>
	Questions raised by Au Yong Chee Hoong	
1)	Will the Company consider to give e-voucher to reward the shareholders for attending the AGM virtually?	<p>First of all, Dato' Sri Chairman thanked all shareholders for their participation at the 31st AGM virtually, and taking this opportunity to learn more about the Company.</p> <p>Dato' Sri Chairman informed that the Company has paid a cumulative dividend of 20 sen per share for the FY2020.</p> <p>The Company's business had been impacted negatively due to the travel restrictions and border shut. The sales in duty free sector relied heavily on cross border travellers.</p> <p>Besides, Dato' Sri Chairman also informed that the Company is currently undertaking some cost cutting measures, including salary cut and shall continue to take these prudent measures to conserve cash flows in the Company. The Company shall decide to pay dividend when the Company is able to do so. Hence, the Company will not be giving out any e-voucher to any shareholders for this 31st AGM.</p>

There being no other question, Dato' Sri Chairman concluded the Meeting. The Meeting ended at 3:30 p.m. with a vote of thanks to the Chair.



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APPENDIX A

<u>Resolutions</u>	<u>Voted in Favour</u>		<u>Voted Against</u>		<u>Results</u>
	<u>No. of Shares</u>	<u>%</u>	<u>No. of shares</u>	<u>%</u>	
<u>Ordinary Resolution 1</u> To re-elect Mr. Ong Bok Siong who retires by rotation in accordance with Regulation 100 of the Company's Constitution and being eligible, offered himself for re-election.	204,232,657	100.0000	100	0.0000	Carried
<u>Ordinary Resolution 2</u> To re-elect En. Mohd Sharif bin Hj. Yusof who retires by rotation in accordance with Regulation 100 of the Company's Constitution and being eligible, offered himself for re-election.	194,375,757	95.1736	9,857,000	4.8264	Carried
<u>Ordinary Resolution 3</u> To re-elect Jeneral Tan Sri Dato' Sri Abdullah bin Ahmad @ Dollah bin Amad (B) who retires by rotation in accordance with Regulation 100 of the Company's Constitution and being eligible, offered himself for re-election.	204,232,655	100.0000	100	0.0000	Carried
<u>Ordinary Resolution 4</u> To re-elect Tuan Haji Mohd Jaffar bin Awang (Ismail) who retires by rotation in accordance with Regulation 100 of the Company's Constitution and being eligible, offered himself for re-election.	204,232,455	99.9999	200	0.0001	Carried



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	<u>No. of Shares</u>	<u>%</u>	<u>No. of shares</u>	<u>%</u>	
<u>Ordinary Resolution 5</u> To approve the payment of Directors' Fee of RM253,000 for the financial year ended 29 February 2020	204,232,355	99.9999	200	0.0001	Carried
<u>Ordinary Resolution 6</u> To approve the payment of benefits to the Directors up to an amount of RM200,000 for the period commencing from the date of 31 st AGM up to the date of the next AGM of the Company.	204,232,355	99.9999	200	0.0001	Carried
<u>Ordinary Resolution 7</u> To re-appoint Messrs. Ernst & Young PLT as the Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration.	204,232,555	100.0000	100	0.0000	Carried
<u>Ordinary Resolution 8</u> Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.	204,232,455	99.9999	200	0.0001	Carried
<u>Ordinary Resolution 9</u> Mandate for En. Mohd Sharif bin Hj Yusof who has served as an Independent Non-	194,375,555	95.1736	9,857,100	4.8264	Carried



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	<u>No. of Shares</u>	<u>%</u>	<u>No. of shares</u>	<u>%</u>	
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.					
<u>Ordinary Resolution 10</u> Mandate for Jeneral Tan Sri Dato' Sri Abdullah bin Ahmad @ Dollah bin Amad (B) 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.	204,232,555	100.0000	100	0.0000	Carried