

**NTPM HOLDINGS BERHAD (384662-U)**  
(Incorporated in Malaysia)

Summary of key matters discussed at the Twenty-First Annual General Meeting ("AGM") of the Company held at Bukit Jawi Golf Resort, 691, Main Road, Sungai Bakap, 14200 Seberang Perai Selatan, Pulau Pinang on Thursday, 21 September 2017 at 9.30 a.m..

**Attendees:**

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

**1. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS**

The Company's Audited Financial Statements for the financial year ended 30 April 2017 together with the Reports of Directors and Auditors thereon ("AFS 2017") were tabled at the Twenty-First AGM for discussion only, as the provision of Section 340(1)(a) of the Companies Act, 2016 does not require formal approval for the Audited Financial Statements from the shareholders. Therefore, this Agenda item is not put forward for voting.

It was noted that the Company had on 15 September 2017 received a letter from the Minority Shareholders Watchdog Group ("MSWG"), who had raised some questions on the Company's Annual Report 2017 and the meeting also noted the reply from the Company in responding to MSWG's queries, which are summarised as follows: -

	<b>Key matters raised by MSWG</b>	<b>Summary of the reply from the Company</b>
1)	<p><u>Strategic and Financial Matters</u></p> <p>As stated in the Managing Director's Review and Management Discussion &amp; Analysis in the Annual Report, the FY2017 was a challenging year for NTPM Holdings Berhad ("NTPM") and its subsidiaries ("the Group"), primarily due to the unfavorable foreign exchange rate movements against the Ringgit Malaysia ("RM"), which resulted in the increased costs of imported raw materials. In addition, utility and labour costs had also increased.</p> <p>Could the Board share what are the key measures taken to ensure that the Company is able to sustain its performance in the next financial year?</p>	<p>There are various key challenges facing by the Group in the financial year 2017. For a start, we would have felt the full impact on the cost arising from the raise of the minimum wage for the employees in Peninsular Malaysia by RM100 to RM1,000 per month, and to RM920 from RM800 for employees in East Malaysia starting from 1 July 2016, the increased volatility in the foreign currency exchange rate, pose a challenge for the Group to contain and monitor its manufacturing cost.</p> <p>In light of these challenges, the Group has strategic plans and control measures put in place to mitigate the impact from these adverse conditions such as:-</p> <p>(i) The Company has initiated price increase for Tissue products in the range of 3-5% from August 2017;</p>

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	<b>Key matters raised by MSWG</b>	<b>Summary of the reply from the Company</b>
		<p>(ii) The Company is focusing on organic growth with current products and unutilised capacity to achieve economies of scale;</p> <p>(iii) The Company has identified and approved several cost-savings projects to improve the Group's operation efficiency and keep a tight control on costs to drive down the waste and inefficiencies across the Group's businesses units; and</p> <p>(iv) The Group is also looking for opportunity to venture into new business segments if the expansion synergizes with the Group's current business model.</p>
2)	<p><u>Tissue Paper Segment</u></p> <p>(i) We noted that the Group's current manufacturing capacity utilisation rate is approaching 80% in order to support the anticipated growing demand, the Group plans to increase its manufacturing capacity by adding new tissue paper machines in its manufacturing facilities in Malaysia and Vietnam.</p> <p>What is the targeted optimum capacity utilisation rate to be achieved in FY2018.</p>	<p>The Company targets to achieve 85% of manufacturing capacity utilisation rate from current 76%. New tissue paper machines will be commissioning in April 2018 but may not be able to contribute in production for the financial year ending 30 April 2018.</p>

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	<p>(ii) The Company planned to add 2 tissue paper machines with total annual production capacity of 40,000mt in Vietnam and 1 tissue paper machine with annual production capacity of 20,000mt in Penang. These new machines are expected to be commissioned for production in the financial year 2018.</p> <p>(a) How much capital expenditure expected to be incurred to acquire these machines and how would it be funded?</p> <p>(b) What would be the targeted capacity utilization rate for these new machines?</p>	<p>The capital expenditure to be incurred for acquiring these machines is approximately RM90 million and will be funded by a combination of the internally generated funds and bank borrowings.</p> <p>We expects to utilise 90% of capacity for the new machines in 3-5 years' time.</p>
3)	<p><u>Personal Care Segment</u></p> <p>The Group succeeded in generating higher revenue which had increased by 9.4% from RM182.7 million in FY2016 to RM199.9 million in FY2017. The segment results improved from RM16.1 million to RM20.1 million. It was stated that increase in the sales of baby diapers was one of the key contributors.</p> <p>How many percent of the sales of baby diapers had contributed to the total revenue for personal care segment?</p>	<p>The baby diapers contributed 61% of sales out of the total revenue for personal care segment.</p>

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4)	<p>We noted under Note 8 of the Annual report 2017, a total of RM419,981 bad debts were written off during the FY2017 compared to RM121,390 in FY2016.</p> <p>Please explain on the bad debts written off which had increased by 245.9% and what is the Company's policy on bad debt written off?</p>	<p>The bad debts written off had been increased by 245.9% for FY2017 as compared to preceding year, mainly due to the closure of the retailers in conjunction with the implementation of Goods and Services Tax ("GST") whereby the owner of those retail shops were not able to adapt to the said change and the outstanding debts could not be recovered.</p> <p>In term of the absolute figure for the said increase in the bad debts written off, the total bad debts that had been written off during the financial year 2017 was RM419,981 (FY2016:RM121,390), representing 0.065% only of the Group's total sales.</p> <p>Under the Company's policy, the bad debt is defined as debt that is considered not recoverable after appropriate steps had been taken to recover it with the following criteria:-</p> <ul style="list-style-type: none"> <li>(a) the debtor was died without leaving any assets from which the debt can be recovered;</li> <li>(b) the debtor is a bankrupt or liquidation and there are not assets from which the debt can be recovered;</li> <li>(c) the debt is statue- barred;</li> <li>(d) The debtor cannot be traced despite various attempts and there are no known assets from which the debt can be recovered;</li> <li>(e) attempts at negotiation or arbitration of disputed debt have failed and the anticipated cost of ligation is prohibitive; and</li> <li>(f) any other circumstance where there is no likelihood of cost effective recovery.</li> </ul>

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		All bad debt accounts are subject to physical premise visit by sales representative or credit controller before the Management could review and decide to write off the bad debts.
	<u>Corporate Governance Matters</u>	
1)	<p>We noted that Dato' Teoh Boon Beng @ Teoh Eng Kuan attended only two (2) out of four (4) Board Meetings in FY2017.</p> <p>What were the reasons for Dato' Teoh Boon Beng not being able to attend the Board Meetings during the financial year?</p>	<p>Our Chairman, Dato' Teoh Boon Beng was unable to attend some Board Meeting in FY2017 due to his legs' injury earlier which has affected his movement. Nevertheless, he fulfilled the meeting attendance obligation and his alternate director, Mr. Teoh Teik Lin has attended all the Board Meetings held in FY2017 and participated actively in discussion during the Board Meetings.</p> <p>Thankfully, Dato' Teoh Boon Beng has recovered progressively and he is here with us during our Annual General Meeting AGM today.</p>
2)	<p>We noted that all the Independent Directors of the Company have served more than 9 years, with one independent Director has served more than 14 years.</p> <p>We hope the Board would look into its Succession Planning taking cognizance of requirements under Practice 4.2 of the Malaysian Code on Corporate Governance 2017 relating to Independent Director who have served the Board for more than 9 years.</p>	<p>The Board is mindful of the recommendation of MCCG 2017. However, both the Nominating Committee and the Board had also assessed the independence of all Independent Directors and were satisfied with the skills, contribution and independent judgement that Independent Directors bring to the Board as they remain objective and independent in expressing their view while participating in discussion of the Board and Board Committees.</p> <p>The Company's Independent Directors act as caretakers of the interests of minority shareholders and their views carry significant weight in the Board's decision-making processes.</p>

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		The Board will continue reviewing succession planning and assessing the independence of all the independent Directors.
3)	We noted that Non-Executive Directors were paid allowance amounted to RM9,500 in FY2017. Please explain the nature of the allowance paid to the Non-Executive Directors.	The allowance amounted to RM9,500 paid to Non-Executive Directors in FY2017 was mainly derived from the meeting allowance paid to Non-Executive Directors who had attended the Board Meeting or Board's Committee Meeting. During the financial year 2017, there were additional meetings being held by the Company and thus, additional allowances were paid to the Non-Executive Directors.
4)	To present all questions raised by MSWG and the reply from the Company in the form of power point during the AGM.	The Board would take into consideration for the recommendation in future.

There being no question raised by the shareholders, the AFS 2017 was duly received by the shareholders.

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**2. POLL RESULTS**

There being no questions raised by the shareholders during the Meeting, all the Ordinary Resolutions and Special Resolution as set out in the Notice of the Twenty-First AGM of the Company were duly passed by the shareholders of the Company and the poll results of each resolution which have been validated by the scrutineer are summarised as below:

No.	Resolutions	Total number of shares represented by votes for and against the relevant motion	Vote FOR		Vote AGAINST	
			Number of Shares	As a percentage of total number of votes for and against the resolution (%)	Number of Shares	As a percentage of total number of votes for and against the resolution (%)
1.	Declaration of a Single Tier Final Dividend of 0.80 sen per Ordinary Share for the financial year ended 30 April 2017.	714,653,081	714,653,081	100.00	0	0.00
2.	Re-election of Mr. Lim Han Nge as Director of the Company.	693,459,981	693,459,881	99.99999	100	0.00001
3.	Re-appointment of Dato' Teoh Boon Beng @ Teoh Eng Kuan as Director of the Company.	693,459,981	658,155,081	94.91	35,304,900	5.09
4.	Re-appointment of Mr. Lee See Jin as Director of the Company.	693,459,981	681,214,481	98.23	12,245,500	1.77
5.	Payment of Directors' fees of RM360,000 for the financial year ended 30 April 2017.	714,653,081	714,632,081	99.99706	21,000	0.00294

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			Number of Shares	As a percentage of total number of votes for and against the resolution (%)	Number of Shares	As a percentage of total number of votes for and against the resolution (%)
6.	Re-appointment of Messrs. Ernst & Young as Auditors of the Company.	714,653,081	714,653,081	100.00	0	0.00
7.	Payment of benefits payable to the Directors of the Company up to an amount of RM45,000 for the period from 31 January 2017 until the next AGM.	714,653,081	714,653,081	100.00	0	0.00
8.	Renewal of Share Buy-Back Mandate.	714,652,981	702,407,481	98.29	12,245,500	1.71
9.	Mandate for Mr. Lim Han Nge to continue to act as an Independent Non-Executive Director of the Company.	693,459,981	672,834,681	97.03	20,625,300	2.97
10.	Mandate for Mr. Chang Kong Foo to continue to act as an Independent Non-Executive Director of the Company.	693,459,881	693,459,881	100.00	0	0.00

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			Number of Shares	As a percentage of total number of votes for and against the resolution (%)	Number of Shares	As a percentage of total number of votes for and against the resolution (%)
11.	Proposed Amendments to the Constitution of the Company.	707,037,781	707,037,781	100.00	0	0.00

**CLOSURE**

The Meeting closed at 11:20 a.m. with a vote of thanks to the Chair.