

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

Summary of key matters discussed at the Twentieth Annual General Meeting of the Company held at Bukit Jawi Golf Resort, 691, Main Road, Sungai Bakap, 14200 Seberang Perai Selatan, Pulau Pinang on Friday, 23 September 2016 at 9.30 a.m..

Attendees:

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

AGENDA 1 - AUDITED FINANCIAL STATEMENTS AND REPORTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

The Company's Audited Financial Statements for the year ended 30 April 2016 together with the Reports of Directors and Auditors were tabled to the meeting.

It was noted that the Company had on 15 September 2016 received a letter from the Minority Shareholders Watchdog Group ("MSWG"), who had raised some questions on the Company's financial performance and the meeting also noted the reply from the Company in responding to MSWG's queries.

Among the key matters raised by the shareholders on the results of the Company and the Group's business as well as the responses from the Board / Management were as follows:-

	<u>Key matters raised by the shareholders</u>	<u>Responses from the Board / Management</u>
1)	<p>The Group's revenue improved from RM547.5 million in FY2015 to RM601.7 million in FY2016 driven by volume growth in major segments of tissue and personal care division.</p> <p>Could the Board elaborate on the outlook, challenges despite continuing global economic uncertainty?</p>	<p>Further to the Managing Director's elaboration of the outlook and challenges on page 8 of this year's annual report, in general, the Malaysian economy expanded 4.0 percent year-on-year in the June quarter of 2016, moderating from a 4.2 percent growth in the previous period. It was the fifth straight quarter of decelerating growth as a surge in investment and a faster increase in private consumption and government spending were unable to offset a decline in net exports. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 0.7 percent, slowing from a 1.0 percent expansion in the previous three months and marking the weakest growth in three quarters.</p> <p>In spite of this, we are seeing the stabilization of the Malaysian consumer sentiment and we expect the sentiment to improve by end of the year.</p>

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	Key matters raised by the shareholders	Responses from the Board / Management
		Nevertheless, the on-going challenges such as the increased in energy cost, labour cost, stiff competition in both the tissue and personal care segment will likely to persist but we are well equipped and experience to handle these challenges.
2)	What are the strategies for other product segments for FY2017 for both domestic and overseas segment?	<p>The Group will continue to remain focus in the current product segment it operates – the tissue paper and personal care segment.</p> <p>For tissue paper, the Group primarily priority is to find 'ways and means' to penetrate the Vietnam market in the most efficient and cost effective manner.</p> <p>As for the personal care segment, our concentration is mainly in the domestic market where we intend to expand our market share by increasing our retails points as we believe there are untapped loyalties between brands and consumers shopping at traditional trade stores.</p>
3)	<p>Considering the intense market competition exacerbated by weaker consumer sentiment due to the implementation of Goods and Services Tax ("GST") and higher input costs arising from cost escalation in imported content of material prices as MYR continues to remain weak against USD.</p> <p>i) How could the Group be able to mitigate these challenges and remain competitive?</p> <p>ii) Please explain to what extent it would impact demand for its products and how would the Group address it?</p>	<p>Unlike most of our competitors here in Malaysia, NTPM Holdings and its subsidiaries as a Group is a full-fledged integrated FMCG player that manufactures, trades, markets and distributes its branded products using its own manufacturing hub and distribution network covering both the traditional and modern trade.</p> <p>The cost escalation in imported content mainly affects the personal care segment as more than 50% of the raw material is imported. As we are mainly the market follower in most of the personal care products, our counteractive measures depend on the action and strategy adopted by our main competitors. And that is also the reason why we are so keen to reinforce our distribution network especially in the traditional trade as to fend off competition and to rely lesser on wholesalers.</p>

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	<u>Key matters raised by the shareholders</u>	<u>Responses from the Board / Management</u>
4)	How could the company manage the minimum wage impact on its labour force and the increasing price pressure on gas and electricity?	Our immediate action is to absorb the full impact of the cost increase. Nevertheless, we have already plan and put in place various cost containment measures. Our on-going energy cost savings initiatives and automation projects are our longer-term strategic options to countermeasure the increasing threat of various operational costs increase.
5)	<p>In the Chairman’s Statement, it was mentioned that the Group manage capital spending to support business growth plans and upgrading of existing machines to support capacity expansion, innovation and cost efficiencies.</p> <p>Please elaborate on the expansion plan. What would be the estimated capital expenditure for the next 12 months for its local and overseas operations?</p>	<p>The capital expenditure budget for local operation is close to RM30 million for FY2017 which involves purchase of new manufacturing equipment mainly to drive automation initiative and to improve the stock preparation pulping processes, extension of existing warehouses and its related infrastructure and to add on motor vehicles to enhance our distribution channel.</p> <p>At this juncture, we have yet to decide the quantum of capital spending for our overseas investment in Vietnam. If our progress in the penetration of tissue paper in the Vietnam market continues to be good, we may decide by end of the year to expand our infrastructure in Vietnam. The estimated capital expenditure for this purpose will be close to RM20 million.</p>
6)	Please share on the targets it had achieved for its overseas operations during the year.	<p>We commenced our business operations in Vietnam only in May 2015 and total revenue generated from the Vietnam operations amounted to RM3.5 million for the full FY2016. That’s an average of RM0.3 million on per month sales.</p> <p>We have improved the top line numbers today. As of last month closing 31 August 2016, we have managed to generate net sales of more than RM1 million for that particular month alone.</p> <p>We believe today - Vietnam tissue consumption is about 0.8 Kg per capita a year and its growing. We aspire for at least 20% market share in Vietnam although it is still early to set a time frame to achieve this target.</p>

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7)	What is the revenue contribution from the Vietnam operation to the Group?	The Management is targeting to achieve at least 20% market share in Vietnam. As the Vietnam market is still new to the Group, it may take time for the Group to achieve the targeted market share.

AGENDA 2

ORDINARY RESOLUTION NO. 1 - DECLARATION OF A FINAL SINGLE TIER DIVIDEND OF 8% FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

The payment of a single tier final dividend of 8% for the year ended 30 April 2016 on 14 October 2016 was approved by the shareholders.

No matter was raised by the shareholders of the Company on this agenda.

AGENDA 3

ORDINARY RESOLUTION NO. 2 - RE-ELECTION OF MR. LEE CHONG CHOON WHO IS RETIRING IN ACCORDANCE WITH ARTICLE 133 OF THE COMPANY'S ARTICLES OF ASSOCIATION

The re-election of Mr. Lee Chong Choon as Director of the Company pursuant to Article 133 of the Company's Articles and Association was approved by the shareholders.

No matter was raised by the shareholders of the Company on this agenda.

AGENDA 4

ORDINARY RESOLUTION NO. 3 - RE-APPOINTMENT OF DATO' TEOH BOON BENG @ TEOH ENG KUAN, WHO IS RETIRING IN ACCORDANCE WITH SECTION 129(6) OF THE COMPANIES ACT, 1965 ("THE ACT")

The re-election of Dato' Teoh Boon Beng @ Teoh Eng Kuan as Director of the Company pursuant to Section 129(6) of the Act was approved by the shareholders.

No matter was raised by the shareholders of the Company on this agenda.

AGENDA 5

ORDINARY RESOLUTION NO. 4 -RE-APPOINTMENT OF MR. LEE SEE JIN, WHO IS RETIRING IN ACCORDANCE WITH SECTION 129(6) OF THE ACT

The re-election of Mr. Lee See Jin as Director of the Company pursuant to Section 129(6) of the Act was approved by the shareholders.

No matter was raised by the shareholders of the Company on this agenda.

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AGENDA 6
ORDINARY RESOLUTION NO. 5 - PAYMENT OF DIRECTORS' FEE FOR THE YEAR ENDED 30 APRIL 2016

The payment of Directors' fee totaling RM360,000 for the financial year ended 30 April 2016 was approved by the shareholders.

No matter was raised by the shareholders of the Company on this agenda.

AGENDA 7
ORDINARY RESOLUTION NO. 6 - RE-APPOINTMENT OF MESSRS. ERNST & YOUNG AS AUDITORS OF THE COMPANY UNTIL THE CONCLUSION OF THE NEXT ANNUAL GENERAL MEETING AND MANDATE FOR THE DIRECTORS TO FIX THEIR REMUNERATION

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.

No matter was raised by the shareholders of the Company on this agenda.

AGENDA 8
ORDINARY RESOLUTION NO. 7 - RENEWAL OF SHARE BUY-BACK AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES OF UP TO 10% OF ITS ISSUED AND PAID-UP ORDINARY SHARE CAPITAL ("PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE")

The renewal of Share Buy-Back mandate was approved by the shareholders.

No matter was raised by the shareholders of the Company on this agenda.

AGENDA 9
ORDINARY RESOLUTION NO. 8 - MANDATE FOR MR. LIM HAN NGE 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 retention of Mr. Lim Han Nge as an Independent Director pursuant to the recommendation of the MCCG 2012 was approved by the shareholders.

No matter was raised by the shareholders of the Company on this agenda.

AGENDA 10
SPECIAL RESOLUTION - AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

The proposed Amendments to the Articles of Association of the Company as set out in the Special Resolution under the agenda was approved by the shareholders.

No matter was raised by the shareholders of the Company on this agenda.