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

Summary of key matters discussed at the Twenty-Third Annual General Meeting ("23rd AGM") of the Company held at Bukit Jawi Golf Resort, 691, Main Road, Sungai Bakap, 14200 Seberang Perai Selatan, Pulau Pinang on Friday, 27 September 2019 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

AGENDA 1
AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON

The Company's Audited Financial Statements for the financial year ended 30 April 2019 together with the Reports of Directors and Auditors ("AFS 2019") were tabled to the meeting.

It was noted that the Company had on 19 September 2019 received a letter from the Minority Shareholder Watch Group ("MSWG"), who had raised some questions on the Company's Strategic and Financial and Corporate Governance. The Meeting noted the reply from the Company to MSWG's queries, which are summarised as follows: -

	Questions raised by the MSWG and Company's reply **Strategic and Financial Matters**
1)	With the new capacity from the three paper making machines (PMM) kicking in, the Company has identified new business opportunities by venturing into the trading of more semi-finished roll in bigger volume as compared to selling finished goods and supply to the bigger regional converters (page 3 of Annual Report 2019) What is the rationale for venturing into this new area? What is the potential these new opportunities offer to the Company? **Company's reply** With the commissioning of the three Paper Making Machines ("PMM"), it will bring a total additional capacity of 60,000 metric tonnes per annum for tissue paper production. The 1st and 2nd PMM will be used in the production of jumbo rolls for Original Equipment Manufacturer ("OEM"), while the 3rd Paper Making Machine will be used to produce the finished goods for both domestic and oversea markets. The additional capacity from the three PMM allows the Group to venture into the trading of more semi-finished roll in bigger volume and to support big regional convertor. On this, the Group had already received the orders from a new customer who has just relocated from China to Malaysia to setup their manufacturing plant here due to US-China trade conflict. The orders from this Company are approximately 20% of the said additional 60,000 tonnes output per annum. Apart from venturing into this new area, the Group has also established itself as a key player in the OEM segment in the South-East Asia market, supplying semi-finished tissue paper rolls to regional tissue paper product producers. More than half of the 60,000 tonnes is for the export market, targeting the regional paper product convertors. This OEM segment would generate about 15% of the Group's revenue in 2020.

2)	Given the headwinds faced in the Thailand and Vietnamese markets in the personal care segment (page 3 of AR2019), what is the Company's view on the overseas market? **Company's reply** Despite of the challenging market conditions, the Group foresees positive prospects for both Thailand and Vietnamese markets after taking into account of the following: - i) Thailand market Currently, there is single international player enjoying a substantial market share for personal care products in Thailand. Thus, this gives rise to business opportunity to new player to venture into this market. ii) Vietnam market With 100 million population and high young average group in Vietnam, this is a good market opportunity for the Group to gain market share locally based on its potential demands.
3)	What are the cost-saving measures that have been identified to improve operational efficiency and to keep costs in check in light of increasing raw material prices (page 4 of AR2019)? **Company's reply** The Group had identified and implemented several cost saving measures which aimed to improve operational efficiency as well as for costs containment exercise, such as: i) Upgrading and investing in automated packaging machines for packing which could increase its operational efficiency and output; ii) Purchase and import the wastepaper at lower price before sorting into various types of grades for production purpose; iii) Change of the materials and product mix used in the production of baby diapers as well as changed the suppliers which has resulted in lower material costs; and iv) Investing in renewable energy such as solar energy which contributes positively by reducing 1.95% of energy consumption in financial year 2019 as compared to last year in tissue manufacturing plant. The details of the energy conservation projects are also disclosed in the Company's Sustainability Statement (page 21 of AR2019).
4)	Total borrowings of the Company have increased significantly to RM339.91 million in FY19, compared to RM220.3 million in FY2018. About 82% of the borrowings (RM279.25 million) is on demand within a year (Note 19, page 110 of AR2019), a 70% increase year-on-year. The net gearing ratio has also increased to 39% compared to 27% in the year before (page 127 of AR2019). (a) Given the current challenging market outlook, will there be any issue for the Company to repay the said amount within a year? **Company's reply** The increase in the total borrowings of the Group was mainly due to investments in Tissue machines. Based on the targeted market that we are in, which is Indochina, the tissue consumption per capital for this market is still growing and coupled with the new capacity to be added for tissue paper productions, we believe that the Group will continue to grow and our Group's balance sheet remained healthy. As the current ratio as at the year-end was slightly above 1, as such the Group do not foresee any problem in the repayment of its borrowings.

	(b) What is the reason for the substantial increase in borrowings? **Company's reply** The substantial increase in borrowings was mainly due to the investment in three PMM, recycled facility, buildings, a new boiler, converting machines and other related equipment. (c) What is the optimal gearing ratio which the Company would like to maintain? **Company's reply** The optimal gearing ratio that the Company would like to maintain is less than 1.
5)	Note 16(a) on page 107 of AR2019 indicates trade receivables that are more than 91 days past due not impaired increased to RM1.66 million, from RM93,322 in FY2018. How is the recoverability of these receivables? What are the measures taken to recover these outstanding receivables? **Company's reply** The Group did not impair certain trade receivables which were more than 91 days, mainly due to the following incidents or request from the customer: i) Over-deduction of sales rebates by a customer which had not been agreed by the Company. However, after several discussions with the said customer, the said customer had already paid 50% of the overdue amount and the Group will continue monitor their repayment of the outstanding amounts. ii) During the year, a customer who has faced some financial difficulties to settle the outstanding amount, had defaulted on payments. Thus, the Group has negotiated with the said customer for a repayment plan which is secured by a personal guarantee by the customer. Currently, the said customer had already paid 50% of the outstanding amount and the Group will continue monitor closely on the collection based on the agreed repayment plan so as to ensure the recoverability of said receivables. Save for the abovementioned receivables which had not been impaired due to specific reason given, the Group will normally conduct periodic assessment on its trade receivables balance on account by account basis to determine whether an impairment will be required. All the impairment losses are provided for specific trade receivable balances.
1)	**Corporate Governance Matters** The managing director of the Company, Mr. Lee See Jin, has assumed the chairmanship after the resignation of the late Dato' Teoh Boon Beng @ Teoh Eng Kuan in March 2019. Why didn't the Company appoint a new chairman or select one among the other existing directors after the resignation of Dato' Teoh, since the other directors appears capable and experienced? What are the challenges faced by the Company in appointing a new chairman?

	Company's reply Mr. Lee See Jin has been re-designated as the Chairman cum the Group MD after the resignation of the late Dato' Teoh Boon Beng @ Teoh Eng Kuan as Director in March 2019. Both the Nominating Committee and the Board did not nominate a new chairman or select one among the other existing directors to be the Chairman of the Board, as they were of the view that Mr. Lee See Jin who has joined the Group since 1996, has considerable experience in the Group's businesses and provides leadership for the Board in considering and setting the overall strategies and objectives of the Company. Further, there are experienced Independent Directors on the Board to provide check and balance so that no one individual has unfettered powers of decision making. The Board is of the view that it is in the interest of the Company to maintain the above arrangement so that the Board could have the benefit of a Chairman who is knowledgeable about the businesses of the Group, the territories globally in which the Group operates in, sets the overall strategies, conceptualizes plans and leads the execution of all major projects and investments, capable of guiding discussions at Board meetings and who is able to brief the Board in a timely manner on key issues and developments that may directly or indirectly affect any of the businesses of the Group. The Board is mindful to ensure the appropriateness of the dual roles of the Chairman and Managing Director performed by the same individual and ensures that the arrangement will continue to be in the interests of the Company and its shareholders as a whole.
2)	What are the differences between the job scope and duties of the Group MD and the Group Chief Executive Officer as both the Group MD and the Group CEO share the same duties and responsibilities (page 15 of the Board Charter)? **Company's reply** The Group MD and Group CEO are held by different individual and in the Company's Board Charter, it only provides a general statement on the roles and responsibilities as both of the Group MD and CEO are also acting in the similar capacity as Executive Directors who oversee the daily operations of the Group. Although both the Group MD and CEO are the key senior management in the Group, but there is a substantial difference in both of their roles in the daily operations of the Group. In addition, the Group MD who is also the Chairman of the Company also assumes additional responsibilities for leading the Board to ensure its effectiveness and integrity and the entrenchment of good corporate governance practices within the Group, which his key responsibilities include: a) leads the Board in setting the values and standards of the Company so that the Board can perform its responsibilities effectively; b) ensures effective communication with shareholders and relevant stakeholders and that their views are communicated to the Board as a whole; c) leads the Board meetings and encourages active participation and allows dissenting views to be freely expressed; d) leads the role in presenting the Company's cause, whether formally or informally, to the authorities, institutional or potential investors and those having an influence on the environment in which the Company operates; e) provides effective leadership to the Group and is responsible for ensuring high management competency and that an effective management succession plan is in place to sustain continuity of operations; and

	f) develops the strategies for the Group and sets the overall strategic policy and direction of the Group's business operations. As for the job scope of the Group CEO, Mr. Lee Chong Choon, his key responsibilities include the following: a) oversees the day-to-day operations to ensure the smooth and effective running of the Group; b) ensures that the financial management practice is performed at the highest level of integrity and transparency and that the business and affairs of the Group are carried out in an ethical manner and in compliance with the relevant laws and regulations; and c) implements the policies, strategies and decisions adopted by the Board.
3)	Chapter 9, Paragraph 9.21(2) of the Main Market Listing Requirements (MMLR) requires companies to publish the summary of Key Matters Discussed at the previous AGM onto the Company's website. As at 18 September 2019, the Key Matters Discussed of AGM/EGM were not available on the Company's website (http://www.ntpm.com.my) **Company's reply** The Company thanked MSWG for the highlight and explained that there was a technical problem which resulted that the summary of Key Matters discussed at the 22nd AGM held on 21 September 2019 was not posted onto the Company's website. Nevertheless, the Company had immediately taken necessary action and uploaded the said summary of Key Matters onto our own webpage : https://www.ntpm.com.my/announcement.html The Company will monitor this issue closely and ensure the timely upload of the summary of the Key Matters of the AGM to our Company's own website.

Apart from the above questions, the representative from MSWG had also raised some questions during the Meeting and the Company replied as follows: -

	Questions raised by the MSWG	**Company's reply**
1.	Ability of the Company to sustain high dividend pay-out ratio in future.	The Company would endeavour to continue pay dividend to the shareholders as long as the performance and liquidity of the Company allowed. Nevertheless, the Company was unable to determine or guarantee any quantum of the dividend to be paid out to shareholders.
2.	The mechanism on two tier voting process for the Resolution 10 in relation to the mandate to retain Mr. Lim Han Nge who has served the Company for a cumulative term of more than twelve years to continue to act as an Independent Non-Executive Director of the Company.	In accordance with the Malaysian Code on Corporate Governance, the Company has adopted the two-tier voting process to let the shareholders to vote for the Resolution 10. Mr. Lee See Jin being the Largest Shareholder of the Company as considered as Tier 1 under the said two-tier voting process as he holds not less than 33% of the voting shares based on his direct and indirect voting shares.

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		As for Tier 2, it shall be the remaining shareholders other than Mr. Lee See Jin. Based on the foregoing, the said Resolution 10 would only be deemed successful if both Tier 1 and Tier 2 voted in favour of the said resolution. Based on the electronic polling system, it was able to record the votes which were casted by the shareholders under both Tier 1 and Tier 2 concurrently and the results of the same would be reflected immediately on the screen after the lapse of the time given for the poll voting.

In addition to the above, the other shareholders also raised some questions during the meeting and below are the key pertinent points: -

	Key matters raised by the shareholders	**Response from the Company**
1.	Based on the financial year ended 30 April 2019, the Group's financial position is not ideal and the net profit achieved was the lowest over the past years. The Company had focused on establishing its own brand such as "PREMIER" for the past years which is a strong brand in local market. The reason of the Company not continue to developing its own brand products or increase the selling price of the products to achieve higher profit or gain more market shares.	The Company always prioritise to promote its house brand. However, for FY2019, the Company focused in the production of jumbo rolls for OEM as more than half of the 60,000 tonnes capacity was catered for the export market, targeting the regional paper product convertors. Higher material cost such as high pulp price was the main reason that reduced the profitability of the Group in FY2019.
2.	One of the competitors, who is in the similar industry will invest RM200 to RM300 million to build a new regional hub in Malaysia. How would this change the competitive landscape for local market and implication to the Group's business?	The Company noted from the public release that the said competitor will invest approximately RM500 million to build a new regional hub in Klang, Malaysia and other projects in Malaysia in five years' period. The regional hub will develop, manufacture, and/or market four different product categories, namely, baby care, incontinence care, feminine care, and tissue products. The Company acknowledges that the hygiene market will become more competitive based on the above scenario. Nevertheless, the Company endeavours to strengthen its product's brand in local market in the light of this challenge.
3.	Possibility of the Return of Equity ("ROE") of the Company could be achieved at 20% in the financial year ending 30 April 2020 ("FY 2020") as compared with ROE of other competitors in the same industry.	The Company could not guarantee any ROE for FY 2020 but will endeavour to improve its ROE.

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4.	Any plan such as Rights Issue exercise to be considered by the Company to raise funds from shareholders in order to reduce the financing cost as well as the Group's borrowings from the banks?	The Company do not have any immediate plan or intention to raise funds from shareholders by way of Rights Issue for the time being as the Company was still able to cope with its financial needs. The quantum of investment in FY 2020 was expected to reduce as compared to FY 2019 which the Company has incurred substantially for its capital expenditure ("CAPEX") to increase its capacities.
5.	The criteria for the Company to purchase its own shares from the market.	The actual number of Shares to be purchased, the total amount of the funds to be utilized as well as the timing of the Share Buy-Back activities shall depend on the market conditions and various factors. The Board will evaluate the needs for buying back the Company's own shares from time to time.

The Meeting accepted the Audited Financial Statements for the financial year ended 30 April 2019, together with the Reports of the Directors and Auditors thereon as presented.

ORDINARY RESOLUTION 1
PAYMENT OF A SINGLE TIER FINAL DIVIDEND OF 0.80 SEN PER SHARE IN RESPECT OF THE FINANCIAL YEAR ENDED 30 APRIL 2019

The Ordinary Resolution No. 1 in relation to the payment of a single tier final dividend of 0.80 sen per share for the financial year ended 30 April 2019 on 23 October 2019 was approved by the shareholders.

ORDINARY RESOLUTION 2
TO RE-ELECT MR. LEE CHONG CHOON WHO IS RETIRING IN ACCORDANCE WITH REGULATION 135 OF THE COMPANY'S CONSTITUTION

The re-election of Mr. Lee Chong Choon as Director of the Company pursuant to Regulation 135 of the Company's Constitution was approved by the shareholders.

ORDINARY RESOLUTION 3
TO RE-ELECT MR. LIM HAN NGE WHO IS RETIRING IN ACCORDANCE WITH REGULATION 135 OF THE COMPANY'S CONSTITUTION

The re-election of Mr. Lim Han Nge as Director of the Company pursuant to Regulation 135 of the Company's Constitution was approved by the shareholders.

ORDINARY RESOLUTION 4
TO RE-ELECT MR. TEOH TEIK LIN WHO IS RETIRING IN ACCORDANCE WITH REGULATION 140 OF THE COMPANY'S CONSTITUTION

The re-election of Mr. Teoh Teik Lin as Director of the Company pursuant to Regulation 140 of the Company's Constitution was approved by the shareholders.

ORDINARY RESOLUTION 5
PAYMENT OF DIRECTORS' FEES OF RM380,000.00 FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019

The payment of Directors' fees of RM380,000.00 for the financial year ended 30 April 2019 was approved by the shareholders.

ORDINARY RESOLUTION 6
PAYMENT OF BENEFITS PAYABLE TO THE DIRECTORS OF THE COMPANY UNDER SECTION 230(1)(b) OF THE COMPANIES ACT, 2016

The payment of benefits payable to the Directors for the period from 28 September 2019 until the next AGM was approved by the shareholders.

SPECIAL BUSINESS

The following resolutions were passed as special business as set out in the Notice of this AGM:-

ORDINARY RESOLUTION 7
RE-APPOINTMENT OF MESSRS. ERNST & YOUNG AS AUDITORS OF THE COMPANY UNTIL THE CONCLUSION OF THE NEXT AGM AND TO AUTHORISE THE DIRECTORS TO FIX THEIR REMUNERATION

The Ordinary Resolution No. 7 in relation to 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.

ORDINARY RESOLUTION 8
PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE

The Ordinary Resolution No. 8 in relation to the renewal of the share buy-back mandate was approved by the shareholders.

ORDINARY RESOLUTION 9 & 10: MANDATE FOR MR. CHANG KONG FOO AND MR. LIM HAN NGE TO CONTINUE TO ACT AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR OF THE COMPANY

Both the Ordinary Resolution No. 9 and 10 in relation to the mandates to retain Mr. Chang Kong Foo and Mr. Lim Han Nge as Independent Non-Executive Director of the Company were approved by the shareholders.

SPECIAL RESOLUTION
PROPOSED AMENDMENTS TO THE CONSTITUTION OF THE COMPANY

The Special Resolution in relation to the amendments to the Constitution of the Company was approved by the shareholders.

There being no further queries from the shareholders, the meeting concluded at 10.40 a.m. with a vote of thanks to the Chair.