NTPM HOLDINGS BERHAD
Registration No. 199601012313 (384662-U)
(Incorporated in Malaysia)

Summary of key matters discussed at the Twenty-fourth Annual General Meeting ("24th AGM") of the Company held at Bukit Jawi Golf Resort, 691, Main Road, Sungai Bakap, 14200 Seberang Perai Selatan, Pulau Pinang on Friday, 25 September 2020 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 Representative / Invitees and others as per attendance list

AGENDA 1
AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON

The Company's Audited Financial Statements for the financial year ended 30 April 2020 together with the Reports of Directors and Auditors ("AFS 2020") were tabled to the meeting.

It was noted that the Company had on 21 September 2020 received a letter from the Minority Shareholder Watch Group ("MSWG"), who had raised some questions on the Company's Strategic and Financial matters 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) **The Company launched its baby diaper products in Vietnam in June 2020 and this line of business is expected to contribute positively to the Company for FYE 2021? (Page 4 of AR 2020)**

a) What are the projected sales for this business for FYE 2021?

Company's reply

The projected sales for baby diapers products launched in Vietnam market is in the range of RM1 million to RM3 million for the financial year ending 30 April 2021 ("FYE 2021").

b) What are the expected margins for this business?

Company's reply

The Company targets to achieve 30% of profit margin from the sales of baby diapers products in Vietnam.

2) Loans and Borrowings of the Company had risen sharply from RM279.2 million in FYE 2019 to RM369.5 million in FYE 2020 representing an increase of 32.3% (Page 65 of AR 2020. What were the reasons for this increase?

Company's reply

The increase in the total borrowings of the Group was mainly due to the investment in recycled facility, wrapping and core board machines, other related equipment and also to increase the inventory of pulp and waste paper given the drop in its price.

3) The company had made an impairment charge of RM275,568 for receivables in FYE 2020 (Page 68 of AR 2020).

(a) What were the reasons for the impairment?

Company's reply

The impairment of trade receivable for the financial year ended 30 April 2020 was mainly due to the estimation of the amount of doubtful debt that might be unable to pay off and decelerate of cash collections since the onslaught of COVID-19 pandemic.

(b) What are the chances of collecting the impaired amounts?

Company's reply

The Company estimates there is 50% probability that the amount due will be collected and will continue to monitor the collection closely for the recovery of receivables.

(c) How much of the impaired amounts have been collected to-date?

Company's reply

As at to-date, 20% of the impaired amounts have been collected by the Company.

(d) With the weakening economy, does the company foresee Impairments rising sharply in FYE 2021?

Company's reply

Based on Asian Development Bank (ADB) report, the economy will continue to be affected by the adverse effects of the pandemic, especially for travel, tourism and hospitality industries caused by travel restrictions. However, the Group will continue to strengthen its internal control on credit risk management and closely monitor on the collection to minimise the exposure.

Corporate Governance Matters

1) **The Company's Chairman and Managing Director for FYE 2020 were Mr. Lee See Jin.**

This is not in line with Practice 1.3 of the MCCG 2017 which stipulates that the CEO and the Chairman's position should be held by different people.

Does the Company intend to adopt Practice 1.3? If so, by when.

Company's reply

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 has been re-designated as the Chairman cum the Group Managing Director in March 2019.

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.

Even though the dual roles of Chairman and Managing Director is held by Mr. Lee See Jin but the role of Group CEO is held by Mr. Lee Chong Choon and there is a substantial difference in both of their roles in the daily operations of the Group.

Furthermore, with the appointment of Mr. Tan Choon Thye as an Independent and Non-Executive Director of the Company on 20 March 2020, there are additional 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 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.

Apart from the above questions, the representative from MSWG, Mr. Khoo Choon Keat has further raised the following questions during the Meeting and the replied by the Group CEO, Mr. Lee Chong Choon ("Mr. Lee") and the Finance Manager, Ms. Lee Ai Chen were as follows: -

	Questions raised by the MSWG	**Company's reply**
1.	The projected sales and investment cost to be incurred by baby diapers business of NTPM (Vietnam) Co. Ltd ("NVCL") for the financial year ending 30 April 2022 ("FY2022") and whether the sales/profits generated would be able to cover the finance cost to be incurred NVCL for its borrowings.	There is no investment in the machineries for baby diapers business in Vietnam for the financial year ended 30 April 2021 ("FY2021") and FY2022 and the supply are solely from the production in Malaysia. The projected sales for baby diapers business in Vietnam for FY2022 is expected to be at least doubled as compared to FY2021. Due to the value of baby diapers is higher than tissue papers, the launching of baby diapers has brought the saving in operating cost due to sharing of sales cost and delivery cost, hence this enhanced the profit of the Company. With the new machine starting its operation by end of last year, the Management believes NVCL will pay back its loan starting from next financial year.
2.	The total capital work-in-progress on the plant and machinery committed during the financial year 2020 was amounted to RM147 million. What is the amount of this	All the investment for tissue paper machines has been completed last year. With the added 3 paper machines (one machine in Penang and two machines in Vietnam) when running at full capacity,

	plant and machinery will contribute to the Group's total revenue?	will generate a total revenue of approximately RM300 million to the Group.
3.	The reason of increase in indirect tax recoverable from RM16 million in financial year 2019 to RM19 million in financial year 2020.	The increase in indirect tax recoverable was due to Value-Added Tax ("VAT") for NVCL. NVCL will only allowed to recover this VAT when it is in profitable position.

In addition to the above, the shareholders also raised further questions during the Meeting and the replied by Mr. Lee were as below: -

	Key matters raised by the shareholders	**Response from the Company**
1.	The dropped in raw material (pulp) price and the demand of the tissue paper should have be increased during the lock-down in many countries due to COVID-19 pandemic, the Group should have benefited from this as a tissue papers manufacturer. The Group's debts has increased to RM380 million which was 80% of the shareholders' funds and the dividend declared to shareholders has also been reduced from RM2.90 sen in year 2011 to RM1.60 in year 2020. What is the plan to be implemented by the Company to improve the performance of the Group back to same as past years?	The global pulp price remained strong for the 1st and 2nd quarter of FY2020 and started to drop from 3rd quarter of FY2020 onward. Due to the stock holdings, we were still operating in high pulp price for 1st and 2nd quarters of FY2020 and only enjoyed the low pulp price in operation from 3rd quarter of FY2020 onward. Other factors resulted the Group's low profit such as: - i) increased in labour cost following the increase of minimum wages from RM1,100 to RM1,200 for each employee by Government which took effect on 1 February 2020; ii) increased in energy cost, i.e. electricity and gas costs; iii) weakening of Ringgit Malaysia ("RM") as 50% of raw material for personal cares were imported from oversea; and iv) deferment in commissioning of new paper making machine due to delay in receiving the major equipment from China. The performance of the Company has improved in 3rd and 4th quarters of FY2020. Barring any unforeseen circumstances, the Management anticipated that the performance of the Group for FY2021 will be be back to previous glory time and the shareholders will be able to enjoy the dividend payment same as previous times.

Summary of key matters discussed at 24th AGM

	Key matters raised by the shareholders	Response from the Company
2.	The strategy of Group on e-commerce going forward.	The online sales of the Group have been increased from RM100,000 to RM400,000 per month during the Movement Control Order ("MCO") period. The Company has expanded its online team to cater for the online sales. The Group enjoyed 50% of total market in Malaysia for the consumers from traditional trade and modern trade. During MCO period, the sales from away from home segment (hotel, airline, shopping mall, food & beverage, hospital and offices) has dropped drastically due to restriction of movement and travelling by the government. The panic buying of toilet rolls in Malaysia during the MCO period was not so serious as happened in other countries. The Group has developed its traditional trade facilities in terms of sales forces, delivery and merchandising. During the MCO period, the sales from traditional trade increase by 10% and was more than the sales from modern trade (from shopping mall) due to time constraints on shopping. For the online sales, the entries barrier is very low. The Company need to be mindful in growing its online sales, as the fixed cost incurred for the traditional trade and modern trade is much higher than the cost for online sales. The price for the Company's products is almost same for both online sales and offline sales. The Group choose to growth its online sales in its own way due to it have other benefit to take care. The Group decided to grow the business of selling recycle tissue papers on online and planning to launch brown colour recycle tissue paper to target online sales.

Summary of key matters discussed at 24th AGM

	Key matters raised by the shareholders	Response from the Company
3.	The corporate tax expenses for FY2020 amounted to RM16.1 million, representing an effective tax rate of 70% which was higher than Malaysia corporate tax rate of 24%. Apparently, NVCL was in the loss position of RM40 million to RM45 million and how the Company mitigate the losses incurred by NVCL.	The NVCL was establish in Vietnam 5 years ago due to the potential growth of tissues business in Indo-China, as the consumption rate of tissues by consumers in Indo-China is high. The Group took 5 years to build the business in Vietnam and NVCL has registered a loss of RM30 million during last year, explained the effective tax rate at 70%. The Group plans to give priority to NVCL to optimise it production capacity in making virgin grade of products to cater for overseas market demand. After the transfer of virgin grade production from Penang plant to Vietnam, the excess capacity in Penang will be handling the production of recycle tissues paper/recycle grade of products for online and export sales. NVCL is expected to be break-even for FY2021 and will start to contribute profit by next financial year.
4.	The plan of the Company to reduce its high level of debts.	In last 3 years, the Company has spent approximately RM300 million in acquisition of 3 paper making machines and 1 core board machine. Core board business is new to the Group, which arising from the restriction imposed by Department of Environment ("DOE") which prohibited all paper mill from dumping sludge at land fill site across whole Malaysia and restriction by China Government on the import of unsorted recycle, the core board project apart from solving sludge disposal issues by converting sludge into core board and corrugated paper, also provide new business opportunity for the Company. The bank borrowing has increased substantially for the capital expenditure ("CAPEX") incurred. The Group anticipated to spend very less on CAPEX for FY2021 and focusing in generating income to reduce the borrowing of the Group. From May 2020 to

Summary of key matters discussed at 24th AGM

		September 2020, the Group has reduced its borrowing by RM40 million. The Group's gearing ratio is expected to bring down to less than 0.6 times for next financial year as compared to 0.9 times currently.
5.	Any plan such as Bonus Issues/Rights Issue/issuance of Warrants exercise to be considered by the Company?	The Company do not have any immediate plan or intention to carry out the Rights Issue/Bonus Issue/Warrant exercise for the time being and this is subject to the consideration and decision of the Board.
6.	The utilisation rate of capacity for 2 production lines and projection profit for NVCL for FY2020 and FY2021.	The Group sets priority to NVCL to optimise its production capacity in 2 years' time. As at to date, NVCL's production is running at about 40% capacity and expected to be running at 90% capacity before end of next financial 2021. The projection of making RM300 million revenue by the 3 paper making machines will be disrupted due to the COVID-19 pandemic.
7.	Whether the old raw materials (pulp) purchased has been fully utilised before the purchase of new raw material for subsequent quarters.	The Group keeps high level of material stocks to cater for the running of 3 new machines at 60,000 tonnes/year. Due to additional stocks kept and delay in the commission of paper making machines, the production for 1st and 2nd quarters still running with old pulp stock at high price. Upon fully utilising the old pulp stock, the production for 1st quarter of FY2021 was running the new stock with lower pulp price.
8.	Average price of raw material as compared to 1st quarter of FY2020.	The global pulp price dropped to lowest recently hence the incoming stocks of the Company for the past few months were at low side. The current average price for the raw material is at lowest.
9.	The Company's view on how long will this pulp price trends be continued and what will affect the outprices.	Pulp price has been increased since 3 years ago due to the stages ban by Chinese government on wastepaper imports, has caused the Chinese to buy pulp in replacing the recycle paper. Nowadays, the Chinese mill has set-up their production outside China to produce semi-finished roll, jumbo roll and recycled fibres to ship back to China.

		The import of recycled pulp into China and the drop of printing and writing sectors has caused lesser impact on the pulp price. In view of this, the Company forecasted the pulp price might increase slightly but not as much/fast as 3 years ago and will stay until Chinese New Year before increased further, due to the full impact of China's ban on wastepaper imports.

The Meeting accepted the Audited Financial Statements for the financial year ended 30 April 2020, together with the Reports of the Directors and Auditors thereon as presented.

ORDINARY RESOLUTION 1
TO RE-ELECT MR. LEE SEE JIN WHO IS RETIRING IN ACCORDANCE WITH REGULATION 136 OF THE COMPANY'S CONSTITUTION

The re-election of Mr. Lee See Jin as Director of the Company pursuant to Regulation 136 of the Company's Constitution was approved by the shareholders.

ORDINARY RESOLUTION 2
TO RE-ELECT DR. TEOH TEIK TOE WHO IS RETIRING IN ACCORDANCE WITH REGULATION 136 OF THE COMPANY'S CONSTITUTION

The re-election of Dr. Teoh Teik Toe as Director of the Company pursuant to Regulation 136 of the Company's Constitution was approved by the shareholders.

ORDINARY RESOLUTION 3
TO RE-ELECT MR. TAN CHOON THYE WHO IS RETIRING IN ACCORDANCE WITH REGULATION 141 OF THE COMPANY'S CONSTITUTION

The re-election of Mr. Tan Choon Thye as Director of the Company pursuant to Regulation 141 of the Company's Constitution was approved by the shareholders.

ORDINARY RESOLUTION 4
PAYMENT OF DIRECTORS' FEES OF RM380,000.00 FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

The payment of Directors' fees of RM380,000.00 for the financial year ended 30 April 2020 was approved by the shareholders.

ORDINARY RESOLUTION 5
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 of the Company up to an amount of RM35,000.00 for the period from 26 September 2020 until the next AGM of the Company was approved by the shareholders.

ORDINARY RESOLUTION 6
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. 6 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.

SPECIAL BUSINESS

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

ORDINARY RESOLUTION 7
PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE

The Ordinary Resolution No. 7 in relation to the renewal of the share buy-back mandate was approved by the shareholders.

ORDINARY RESOLUTION 8 & 9: 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 Nos. 8 and 9 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 via two-tier voting process.