HPP HOLDINGS BERHAD

REG.NO.201801043588(1305620D)

2022 ANNUAL REPORT

CORPORATE PROFILE

HPP Holdings Berhad (“**HPP Holdings**” or “**Company**”) was incorporated on 29 November 2018 as a private limited company in Malaysia under the Companies Act 2016. Our Company was subsequently converted to a public limited company on 15 November 2019 and since then, assumed our current name. We are listed on the ACE Market of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) on 20 January 2021. We are classified as a Shariah-compliant security as at 28 May 2022 under the Industrial Products & Services sector.

We are principally an investment holding company. Through our subsidiaries Hayan Prints (M) Sdn. Bhd. (“**Hayan Prints**”) and Envy Premium Box Supplies Sdn. Bhd. (“**Envy Premium**”), we are principally involved in the printing, production as well as sales and marketing of paper-based packaging, both corrugated and non-corrugated, and trading and production of rigid boxes. Our paper-based packaging is printed with full colour offset printing technology. Hayan Packaging Sdn. Bhd. (“**Hayan Packaging**”) and Big Tree Realty Sdn. Bhd. (“**Big Tree**”) are principally involved in the investment holding of real property.

VISION

To be the best “One Stop Solution Provider” in the printing and packaging industry

MISSION

To constantly evolve as a learning organisation and enhance customer’s satisfaction through strengthening Q, C, D (Quality, Cost and Delivery)

Commitment

We are highly committed to our valued clients, providing customised services and products based on our customers’ needs.

Transparency

We are always open with our communications and in what we do. Honesty and transparency are vital not only to our customers, but also within our internal community.

Trust & Integrity

We are always looking to build a healthy relationship through trust and we do that by striving to provide the very best that we can.

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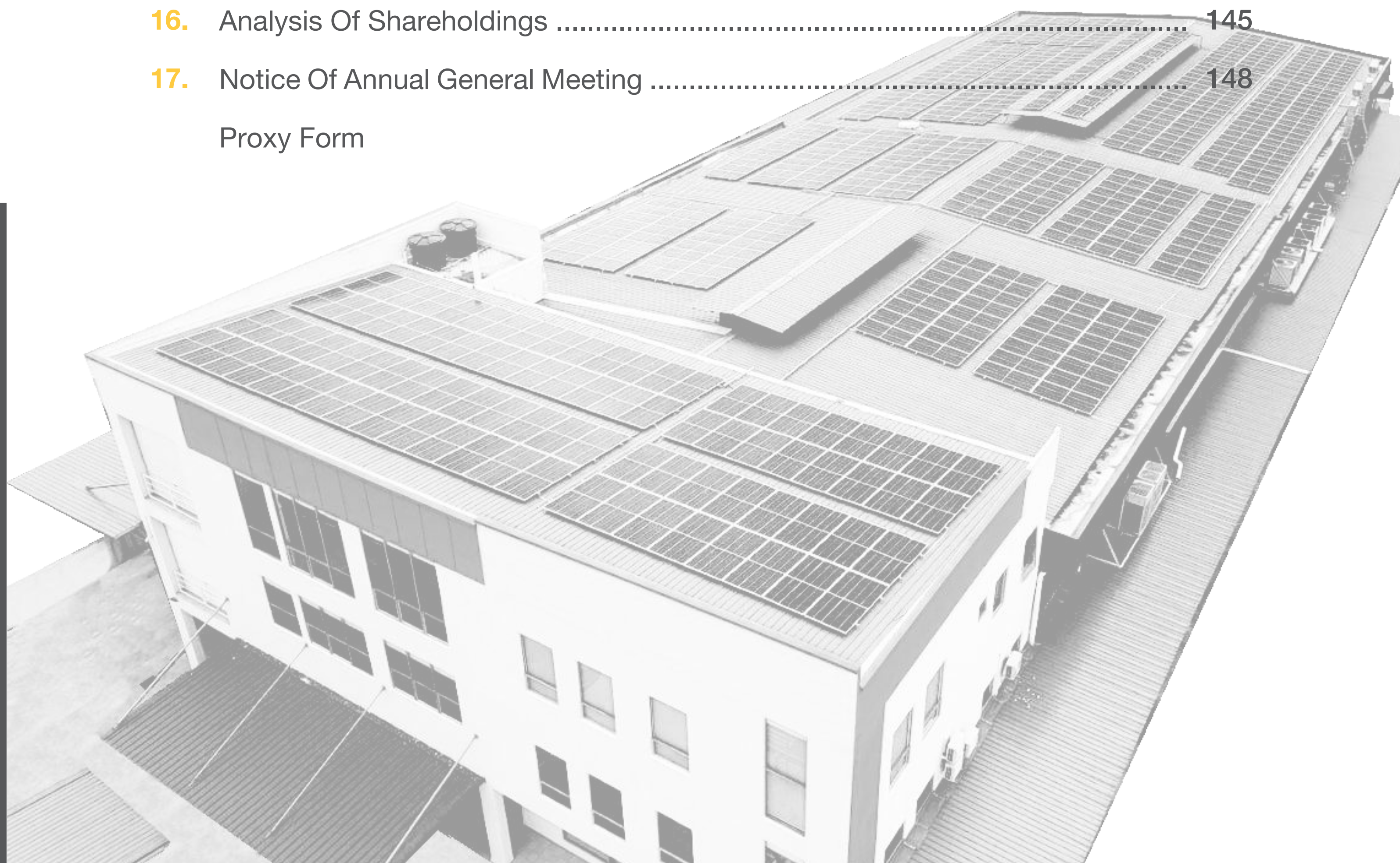


HISTORY AND KEY MILESTONES

1996

Incorporation of **HAYAN PRINTS**. Began printing and production of non-corrugated packaging.

2005

Acquired a reconditioned **PRINTING MACHINE**, a **GLUING MACHINE** and a **DIE-CUTTING MACHINE** to expand our printing capacity and post-press production capacity.

2006

Acquired **TWO** reconditioned **OFFSET PRINTING MACHINES** and **ONE** new **5 COLOUR OFFSET PRINTING MACHINE** with **ONLINE COATING** feature, a **FOLDING MACHINE** and a **DIE-CUTTING MACHINE** to complement the existing post-press processes.

Obtained **ISO 9001:2015** and **ISO 14001:2015** certifications.

2007

Began to provide **PRE-PRESS SERVICES** (including advising customers on their packaging artwork designs).

2008

Acquired our first **6 COLOUR PRINTING MACHINE** with **ONLINE COATING** feature in order to meet our customers' requirements on new packaging designs.

2011

Incorporation of **HAYAN PACKAGING** to market paper-based packaging products locally, which was previously undertaken by **HAYAN PRINTS**.

Obtained **FOOD HAZARD ANALYSIS & CRITICAL CONTROL POINTS (HACCP)** certification which provides confidence to food and beverage manufacturers that our paper-based packaging is safe to be used for food and beverage.

2015

Ventured into **PRINTING** and **PRODUCTION** of **CORRUGATED PACKAGING**.

Began providing a more **COMPREHENSIVE SUITE** of printing services by adding more machines (such as computer-to-plate machine).

2018

Started trading of **RIGID BOXES** through **HAYAN PRINTS**.

Obtained **SONY GREEN PARTNER**.

2019

Began manufacturing of **RIGID BOXES** through **ENVY PREMIUM**.

2020

Obtained **G7 MASTER FACILITY COLOURSPACE**.

2021

Listed on the **ACE MARKET** of **BURSA SECURITIES**.

Obtained **FOREST STEWARDSHIP COUNCIL® (FSC®)** Qualification.

2022

Acquired one unit of **FULLY COMPUTERISED VACUUM TRANSFER 5+1 COLORS FLEXO PRINTER IR DRYER VARNISH STACKER MACHINE** to meet customer's needs in this dynamic economy.

Obtained **ISO 12647-2** Process Standard Offset certifications.

CORPORATE INFORMATION

BOARD OF DIRECTOR

Lau Tee Tee @ Lau Kim Wah
Non-Independent Non-Executive Chairman
Kok Hon Seng
Executive Director / Group Managing Director
Ng Soh Hoon
Executive Director / Procurement Director
Philip Goh Teck Siang
Independent Non-Executive Director
Choo Chee Beng
Independent Non-Executive Director
Lee Chong Leng
Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT Committee

Philip Goh Teck Siang (Chairman)
Choo Chee Beng
Lee Chong Leng

REMUNERATION Committee

Choo Chee Beng (Chairman)
Philip Goh Teck Siang
Lee Chong Leng

NOMINATION Committee

Lee Chong Leng (Chairman)
Philip Goh Teck Siang
Choo Chee Beng

COMPANY SECRETARIES

Tai Yit Chan
(MAICSA 7009143)
(SSM Practising Certificate No. 202008001023)
Tan Ai Ning
(MAICSA 7015852)
(SSM Practising Certificate No. 202008000067)
Lim Seng Koon
(MAICSA 7073229)
(SSM Practising Certificate No. 202008004364)

PRINCIPAL BANKERS

AMBank (M) Berhad
CIMB Bank Berhad
CIMB Islamic Bank Berhad
HSBC Amanah Malaysia Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
United Overseas Bank (Malaysia) Berhad

SOLICITORS

A.B. Ng & Associates
No. 10 & 12, Jalan Melaka Raya 28
75000 Melaka

REGISTERED OFFICE

12th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Tel: +603-7849 4800
Fax: +603-7890 4650

HEAD OFFICE

No. 37, Jalan TTC 29
Taman Teknologi Cheng
75250 Melaka
Tel: +606-335 6485
Fax: +606-335 1172
Email: info@hppholdings.com
Website: www.hppholdings.com

SPONSOR

Affin Hwang Investment Bank Berhad
(Registration No. 197301000792 (14389-U))
27th Floor, Menara Boustead
69, Jalan Raja Chulan
50200 Kuala Lumpur
Tel: +603-2142 3700
Fax: +603-2141 7701

SHARE REGISTRAR

Boardroom Share Registrars Sdn. Bhd.
(Registration No. 199601006647 (378993-D))
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Tel: +603-7849 4700
Fax: +603-7890 4670

AUDITORS

Moore Stephens Associates PLT
Firm No. 201304000972
(LLP0000963-LCA & AF002096)
Chartered Accountants
Unit 3.3A, 3rd Floor, Surian Tower
No. 1, Jalan PJU 7/3
Mutiara Damansara
47810 Petaling Jaya
Selangor Darul Ehsan
Tel: +603-7724 1033
Fax: +603-7733 1033

STOCK EXCHANGE LISTING

ACE Market of
Bursa Malaysia Securities Berhad
Stock Name: HPPHB
Stock Code: 0228

CORPORATE STRUCTURE

HPP HOLDINGS BERHAD
(Registration No. 201801043588 (1305620-D))

100%

HAYAN PRINTS
(Registration No. 199601010312 (382661-M))
It is principally involved in the printing and production of paper-based packaging, both corrugated and non-corrugated as well as trading of rigid boxes

51%

ENVY PREMIUM
(Registration No. 201701045393 (1259566-H))
It is principally involved in the trading and production of rigid boxes and corrugated boxes

100%

HAYAN PACKAGING
(Registration No. 201101029332 (957467-P))
It is principally involved in investment holding of real property

100%

BIG TREE REALTY SDN. BHD.
(Registration No. 200901039679 (882820-A))
It is principally involved in investment holding of real property

BOARD OF DIRECTORS

LAU TEE TEE @ LAU KIM WAH
NON-INDEPENDENT NON-EXECUTIVE CHAIRMAN

KOK HON SENG
EXECUTIVE DIRECTOR / GROUP MANAGING DIRECTOR

NG SOH HOON
EXECUTIVE DIRECTOR / PROCUREMENT DIRECTOR

PHILIP GOH TECK SIANG
INDEPENDENT NON-EXECUTIVE DIRECTOR

CHOO CHEE BENG
INDEPENDENT NON-EXECUTIVE DIRECTOR

LEE CHONG LENG
INDEPENDENT NON-EXECUTIVE DIRECTOR

DIRECTORS' PROFILE

LAU TEE TEE @ LAU KIM WAH

NON-INDEPENDENT NON-EXECUTIVE CHAIRMAN

AGE 73
MALE
MALAYSIAN
Date of Appointment
29 November 2018

WORKING EXPERIENCE

Mr. Lau has 37 years of experience in business administration which involves overseeing business operations, finance, sales and marketing.

In 1992, he co-founded Gardenic (M) Sdn. Bhd., a company that was involved in the manufacturing and sales of agrochemicals and fertilisers. He assumed his role as the Managing Director and was responsible for business development and overseeing the day-to-day operations of the company.

In 1996, he joined Hayan Prints as a Director in a non-executive capacity. In January 1998, he joined Cadeon Marketing Sdn. Bhd., a company that was involved in the sales of consumer products through catalogues. He was a director and was responsible for business development, procurement and sourcing of products as well as overseeing the administrative functions of the company, such as human resource and finance functions.

ACADEMIC AND PROFESSIONAL QUALIFICATIONS

Mr. Lau completed his secondary education at SMK Gajah Berang, Melaka.

FAMILY RELATIONSHIP WITH ANY DIRECTORS AND / OR MAJOR SHAREHOLDERS OF OUR COMPANY

Mr. Lau is the spouse to Madam Chong Fea Chin, a substantial shareholder of our Company.

He is a Director and major shareholder of Aurora Meadow Sdn. Bhd., a major shareholder of our Company.

BOARD COMMITTEE MEMBERSHIP

Nil.

KOK HON SENG

EXECUTIVE DIRECTOR / GROUP MANAGING DIRECTOR

AGE 65
MALE
MALAYSIAN
Date of Appointment
29 November 2018

WORKING EXPERIENCE

Mr. Kok has 32 years of experience in the packaging printing industry with knowledge in full colour offset printing technology and printing processes involving pre-press, press and post-press.

In 1990, he co-founded a printing company. He assumed his role as the Managing Director and was involved in overseeing the business operation of the company.

In 1996, he founded Hayan Prints and assumed his role as the Managing Director. Under his leadership over the years, our Group has successfully secured customers such as Kotra Pharma (M) Sdn. Bhd., Karex group of companies and Beryl's group of companies, all of which have remained as our customers as to date.

In 1999, he spearheaded our Group's overseas sales and marketing activities which have led us to secure our first packaging printing order from a Singaporean food manufacturing company, and subsequently secured more packaging printing orders from other overseas markets.

ACADEMIC AND PROFESSIONAL QUALIFICATIONS

Mr. Kok completed his primary education at SJK (C) Chong Eng, Johor.

FAMILY RELATIONSHIP WITH ANY DIRECTORS AND / OR MAJOR SHAREHOLDERS OF OUR COMPANY

Mr. Kok is the spouse to Madam Ng Soh Hoon, a substantial shareholder and Executive Director / Procurement Director of our Group.

He is a Director and major shareholder of Aurora Meadow Sdn. Bhd., a major shareholder of our Company.

BOARD COMMITTEE MEMBERSHIP

Nil.

NG SOH HOON

EXECUTIVE DIRECTOR / PROCUREMENT DIRECTOR

AGE 49
FEMALE
MALAYSIAN
Date of Appointment
10 December 2018

WORKING EXPERIENCE

In 1996, Madam Ng joined our Group as an Accounts Clerk and was responsible for overseeing accounts and administrative-related tasks. Subsequently, she was tasked with the responsibility of liaising with suppliers as well as managing procurement activities to ensure the required raw materials are made available at our warehouses in time for production.

In 2005, she assumed the position of Procurement Manager and in April 2021, she was re-designated as Procurement Director.

ACADEMIC AND PROFESSIONAL QUALIFICATIONS

Madam Ng completed her secondary education at SMK Tun Tuah, Melaka. She continued her education and was awarded a pass in Accounting – Third Level by the London Chamber of Commerce and Industry Examination Board.

FAMILY RELATIONSHIP WITH ANY DIRECTORS AND / OR MAJOR SHAREHOLDERS OF OUR COMPANY

Madam Ng is the spouse to Mr. Kok Hon Seng, a substantial shareholder and Executive Director / Group Managing Director of our Group.

She is a Director and major shareholder of Aurora Meadow Sdn. Bhd., a major shareholder of our Company.

BOARD COMMITTEE MEMBERSHIP

Nil.

PHILIP GOH TECK SIANG

INDEPENDENT NON-EXECUTIVE DIRECTOR

AGE 62
MALE
MALAYSIAN
Date of Appointment
18 November 2019

WORKING EXPERIENCE

Mr. Philip has more than 30 years of experience in strategic business planning and execution, business transformation and turnaround management, mergers and acquisition and financial management in Malaysia as well as overseas.

In 1991, he joined PT. Dwi Satrya Utama, Indonesia as the Group Management Accountant and was promoted to General Manager of Finance in 1993. He was also the Executive Secretary to the Board Executive Committee. He was responsible for the business turnaround management of the company and the execution of the board's decisions. He received the President Director's Award for Exemplary Leadership; for bringing about a change in work culture, and high impact contribution to the quality and profitability of the business.

In 2001, he joined Alliance Bank Malaysia Berhad as a Senior General Manager of the Corporate Planning and Branches Operation. He was appointed as Senior General Manager of the Group Support Services and Corporate Planning Head in 2004, and subsequently in 2005 as the Executive Vice President / Group Chief Financial Officer of Alliance Bank Malaysia Berhad and its group of companies in 2005.

In 2009, he joined Kaliandra Sejati Foundation, Indonesia as the Chief Executive Officer.

In 2012, he founded Natures Remedies Sdn. Bhd. for the distribution of Japanese enzyme products.

In 2014, he founded Natural Rejuvenation Sdn. Bhd. (now known as Natures Rejuvenation Sdn. Bhd.). He was a shareholder and held the position of a general manager.

ACADEMIC AND PROFESSIONAL QUALIFICATIONS

Mr. Philip is a member of the Malaysian Institute of Certified Public Accountants (previously known as the Malaysian Association of Certified Public Accountants) as well as being a member of the Chartered Accountant of Malaysian Institute of Accountants.

FAMILY RELATIONSHIP WITH ANY DIRECTORS AND / OR MAJOR SHAREHOLDERS OF OUR COMPANY

Nil.

BOARD COMMITTEE MEMBERSHIP

Audit and Risk Management Committee – Chairman
Remuneration Committee – Member
Nomination Committee – Member

DIRECTORS' PROFILE

CHOO CHEE BENG

INDEPENDENT NON-EXECUTIVE DIRECTOR

AGE 52
MALE
MALAYSIAN
Date of Appointment
18 November 2019

WORKING EXPERIENCE

Mr. Choo has 28 years of experience in finance related functions, involving financial and tax planning, corporate exercise managements, turnaround management, cash flow and fund management, amongst others.

Between 2008 and 2020, he was the Chief Financial Officer of various notable firms such as Country Heights Holdings Berhad, OSK Holdings Berhad group of companies, Destination Resorts and Hotels Sdn. Bhd., Tropicana Corporation Berhad, Naza TTDI Sdn. Bhd., Big Bad Wolf Books Sdn. Bhd. and Skyworld Development Sdn. Bhd.

Currently, he is the Group Director of Finance for United Malayan Land Bhd.

ACADEMIC AND PROFESSIONAL QUALIFICATIONS

Mr. Choo graduated with Bachelor of Science in Economics and Accounting from University of Bristol, United Kingdom. He has since obtained other professional qualifications and was admitted as member of the Association of Chartered Certified Accountants, Chartered Accountant and Member of Malaysian Institute of Accountants, and fellow of the Association of Chartered Certified Accountants.

FAMILY RELATIONSHIP WITH ANY DIRECTORS AND / OR MAJOR SHAREHOLDERS OF OUR COMPANY

Nil.

BOARD COMMITTEE MEMBERSHIP

Remuneration Committee – Chairman
Audit and Risk Management Committee – Member
Nomination Committee – Member

LEE CHONG LENG

INDEPENDENT NON-EXECUTIVE DIRECTOR

AGE 40
MALE
MALAYSIAN
Date of Appointment
18 November 2019

WORKING EXPERIENCE

Mr. Lee has more than 18 years of experience in tax advisory services, involving audit, tax and other corporate matters.

In 2007, he co-founded Lee & Lim Tax Consultants Sdn. Bhd., a company principally involved in the provision of tax advisory services, and assumed his role as the Managing Director.

In 2012, he co-founded Lee & Lim GST Consultants Sdn. Bhd., a company principally involved in the provision of accounting services, preparation of financial and management accounts, amongst others, and assumed his role as the Managing Director.

ACADEMIC AND PROFESSIONAL QUALIFICATIONS

Mr. Lee graduated with Bachelor of Business (Accounting) from Monash University, Australia. He has since obtained other professional qualifications and was admitted as Chartered Accountant and Member of Malaysian Institute of Accountants, ASEAN Chartered Professional Accountant of ASEAN Chartered Professional Accountants Coordinating Committee, fellow of CPA Australia, member of The Malaysian Institute of Certified Public Accountants, approved tax agent by the Ministry of Finance, fellow of the Chartered Tax Institute of Malaysia, Certified Company Secretary and Member of the Malaysian Association of Company Secretaries, Chartered Company Secretary and an Associate of the Malaysian Institute of Chartered Company Secretaries, and Professional Member of the Institute of Internal Auditors Malaysia.

FAMILY RELATIONSHIP WITH ANY DIRECTORS AND / OR MAJOR SHAREHOLDERS OF OUR COMPANY

Nil.

BOARD COMMITTEE MEMBERSHIP

Nomination Committee – Chairman
Audit and Risk Management Committee – Member
Remuneration Committee – Member

DIRECTORS' PROFILE

DIRECTORSHIP IN PUBLIC COMPANIES AND LISTED CORPORATIONS

None of our Directors have other directorship in public companies and listed corporations.

CONVICTION FOR OFFENCES

None of our Directors have been convicted of any offences other than traffic offences (if any) within the past 5 years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

CONFLICT OF INTEREST

Our Group has entered into recurrent related party transactions with the party in which the Directors of our Company, namely Mr. Lau Tee Tee @ Lau Kim Wah, Mr. Kok Hon Seng and Madam Ng Soh Hoon have direct and / or indirect interest.

Save for the aforesaid Directors, none of the Directors have any conflict of interest with our Group.

BOARD MEETINGS

Please refer to Corporate Governance ("**CG**") Overview Statement on page 45 of this Annual Report for the Directors' meeting attendance records for the financial year under review.

KEY SENIOR MANAGEMENT

LIM SZE MING

MAH CHEN WAH

LIM SZE MING
CHIEF OPERATING OFFICER II

MAH CHEN WAH
CHIEF FINANCIAL OFFICER

KEY SENIOR MANAGEMENT'S PROFILE

LIM SZE MING

CHIEF OPERATING OFFICER II

AGE 52
MALE
MALAYSIAN

WORKING EXPERIENCE

Mr. Lim has more than 20 years of working experience with a glove company and an additional 1.5 years of exposure in metal and non-metal recovery.

He joined our Group in June 2020 as Chief Operating Officer II and is responsible in overseeing our Group's day-to-day administrative and operational functions.

ACADEMIC AND PROFESSIONAL QUALIFICATIONS

Mr. Lim holds Bachelor of Science (Chemistry) and Master of Science (Industrial and Technology Management) from National University of Malaysia. He is a certified Six Sigma Black Belt from Motorola University. He is also a Competent Person for Certified Environmental Professional in the Operation of Industrial Effluent Treatment Systems (Physical Chemical Processes).

FAMILY RELATIONSHIP WITH ANY DIRECTORS AND / OR MAJOR SHAREHOLDERS OF OUR COMPANY

Nil.

MAH CHEN WAH

CHIEF FINANCIAL OFFICER

AGE 47
MALE
MALAYSIAN

WORKING EXPERIENCE

Mr. Mah has 23 years of experience in the field of audit, accounting and taxation.

He joined our Group as an Accountant in October 2009 and was responsible for reviewing our Group's financial results, corporate planning, providing tax advisory and handling our Group's grants related matters.

He was promoted to Chief Financial Officer in August 2019 and is responsible for overseeing our Group's finance function involving financial and tax reporting and planning, loan applications and establishing banking relationships as well as being the liaison person with the relevant authorities in relation to our Group's licenses, permits and approvals related matters. In addition, he is also responsible in monitoring the compliance, application and renewal of such licenses, permits and approvals as well as overseeing investor relations, administrative and human resource functions of our Group.

ACADEMIC AND PROFESSIONAL QUALIFICATIONS

Mr. Mah graduated with Bachelor of Accounting from Universiti Putra Malaysia. He is a member of the Malaysian Institute of Accountants.

FAMILY RELATIONSHIP WITH ANY DIRECTORS AND / OR MAJOR SHAREHOLDERS OF OUR COMPANY

Nil.

SENIOR MANAGEMENT

NUR SYAFIQAH BINTI HASSAN | SUBRAMANIAM A/L MOGAN | NG SOH MOY | TENG TIANG CHIA | LEE KUEI YONG

NG SOH MOY
ADMINISTRATION & HUMAN RESOURCE MANAGER

TENG TIANG CHIA
PRODUCTION MANAGER

LEE KUEI YONG
PRE-PRESS MANAGER

SUBRAMANIAM A/L MOGAN
QUALITY CONTROL MANAGER

NUR SYAFIQAH BINTI HASSAN
QUALITY ASSURANCE MANAGER

NG SOH MOY

ADMINISTRATION & HUMAN RESOURCE MANAGER

AGE 58
FEMALE
MALAYSIAN

WORKING EXPERIENCE

Madam Ng has 35 years of experience in the field of finance and administration.

She joined our Group as an Accounts Clerk in 2001 and was responsible for overseeing accounts and administrative-related tasks.

She assumed the position of Administration & Human Resource Manager in 2005 where she is responsible for leading, implementing and maintaining our human resources procedures and policies as well as handling of payrolls and trainings.

ACADEMIC AND PROFESSIONAL QUALIFICATIONS

Madam Ng completed her secondary education at Sekolah Menengah Notre Dame Convent. She continued her education and was awarded a pass in Accounting – Third Level by the London Chamber of Commerce and Industry Examination Board.

FAMILY RELATIONSHIP WITH ANY DIRECTORS AND / OR MAJOR SHAREHOLDERS OF OUR COMPANY

Madam Ng is the sister to Madam Ng Soh Hoon, a substantial shareholder and Executive Director / Procurement Director of our Group.

She is the sister-in-law to Mr. Kok Hon Seng, a substantial shareholder and Executive Director / Group Managing Director of our Group.

TENG TIANG CHIA

PRODUCTION MANAGER

AGE 45
MALE
MALAYSIAN

WORKING EXPERIENCE

Mr. Teng has 28 years of experience in the printing industry.

He joined our Group as a Production Supervisor in September 1996 and was responsible for overseeing, planning and organising production and maintenance schedules.

He assumed the position of Production Manager in 2010 where he is responsible for managing and overseeing the planning and operations of all production and maintenance activities to ensure smooth production operations and timely fulfilment of printing orders.

ACADEMIC AND PROFESSIONAL QUALIFICATIONS

Mr. Teng completed his Penilaian Menengah Rendah from Sekolah Menengah Katholik, Melaka.

FAMILY RELATIONSHIP WITH ANY DIRECTORS AND / OR MAJOR SHAREHOLDERS OF OUR COMPANY

Nil.

LEE KUEI YONG

PRE-PRESS MANAGER

AGE 40
FEMALE
MALAYSIAN

WORKING EXPERIENCE

Madam Lee has 19 years of experience in the graphic design and pre-press related matters.

She joined our Group as a Graphic Designer in 2007 and was responsible in editing customers' artwork and preparation of samples, which include creating print layout and performing all necessary steps prior to finalisation of the packaging.

She assumed the position of Pre-press Manager in August 2019 where she is responsible for leading and overseeing all pre-press activities. With her knowledge in colour management, she is also responsible in verifying the colour quality of the final printed packaging against customer's certification. Further, she is also responsible in communicating with customer on the packaging design development as part of the pre-press process. She will spearhead our Group's effort in seeking the latest printing technology for our future growth.

ACADEMIC AND PROFESSIONAL QUALIFICATIONS

Madam Lee graduated with Diploma in Mass Communication (Graphic Design) from Tunku Abdul Rahman College. She obtained the certification for Colour Management Professional Fundamentals from IDEAlliance, a non-profit association in graphic communications industry ("**IDEAlliance**") and certification for Colour Management Professional Offset Printing from IDEAlliance.

FAMILY RELATIONSHIP WITH ANY DIRECTORS AND / OR MAJOR SHAREHOLDERS OF OUR COMPANY

Nil.

SUBRAMANIAM A/L MOGAN

QUALITY CONTROL MANAGER

AGE 34
MALE
MALAYSIAN

WORKING EXPERIENCE

Mr. Subramaniam has 9 years of experience in the field of quality control and quality assurance.

He joined our Group as a Quality Assurance ("**QA**") Manager in November 2019. He oversees the quality control ("**QC**") team within the quality assurance and control department that handles QC checks throughout our printing and production process, to ensure that our paper-based packaging adhere to the required quality standards. In addition, he is also responsible for the development of corrective and preventive measures to rectify product defects, development of QC processes and design of quality specifications for new paper-based packaging.

He was re-designated to QC Manager in October 2020 to reflect his current responsibilities.

ACADEMIC AND PROFESSIONAL QUALIFICATIONS

Mr. Subramaniam graduated from Bachelor of Electrical Engineering (Power Electronics and Drives) with Honours from Universiti Teknikal Malaysia Melaka.

FAMILY RELATIONSHIP WITH ANY DIRECTORS AND / OR MAJOR SHAREHOLDERS OF OUR COMPANY

Nil.

NUR SYAFIQAH BINTI HASSAN

QUALITY ASSURANCE MANAGER

AGE 32
FEMALE
MALAYSIAN

WORKING EXPERIENCE

Puan Syafiqah has 7 years of experience in the field of quality control and quality assurance.

She joined our Group as a QA Assistant in May 2017 where she assisted in monitoring our Group's ISO documentations, handling of internal audits as well as coordinating external audits and customer audits.

She was promoted to QA Manager in October 2020 where she oversees the QA team within the quality assurance and control department in ensuring that our Group complies with current ISO standards. In addition, she also leads and conducts internal audits, coordinates external audits and customer audits.

ACADEMIC AND PROFESSIONAL QUALIFICATIONS

Puan Syafiqah graduated from Bachelor of Chemical Engineering Technology (Honours) in Process from Universiti Kuala Lumpur.

FAMILY RELATIONSHIP WITH ANY DIRECTORS AND / OR MAJOR SHAREHOLDERS OF OUR COMPANY

Nil.

DIRECTORSHIP IN PUBLIC COMPANIES AND LISTED CORPORATIONS

None of the key senior management of HPP Holdings ("**Key Senior Management**") or senior management have any directorship in public companies and listed corporations.

CONVICTION FOR OFFENCES

None of the Key Senior Management or senior management have been convicted of any offences other than traffic offences (if any) within the past 5 years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

CONFLICT OF INTEREST

None of the Key Senior Management or senior management have any conflict of interests with our Group.

CHAIRMAN'S STATEMENT

> "Our group remains resilient in delivering quality products and long-term sustainable growth"

Dear Valued Shareholders,

*The financial year ended ("**FYE**") 2022 has been a challenging year for the industry, our country and all other places over the world. The emergence of new variants of COVID-19, resources shortage, supply chain disruption, global inflation and mandatory factory closure are among the issues that our Group faced during the FYE 2022.*

Notwithstanding the above challenges, throughout FYE 2022, our Group managed to:

(I) Remain in a positive cash position via prudent cash management and constant credit control over debts and collection;

(II) Expand our product offering with the introduction of Flexo printing, which is a more economical packaging product and solution for our customers; and

(III) Provide more innovative printing and packaging solutions including nine (9) choices of coating solutions for our customers.

The FYE 2023 is expected to continue to be challenging. However, we are of the view that our Group's business will remain resilient as we can leverage on our experience in the industry to improve our business performance.

*On behalf of the Board of Directors of HPP Holdings ("**Board**"), I am honoured to present to you the Annual Report and Audited Consolidated Financial Statements of HPP Holdings for the FYE 2022.*

01 OUR FINANCIAL PERFORMANCE

Despite the headwinds and uncertainties brought by the ongoing COVID-19 outbreak, our Group has managed to deliver a reasonable bottom line and remained profitable.

Our Group's revenue for FYE 2022 decreased to RM85.76 million (FYE 2021: RM106.68 million) mainly due to decrease in sales of corrugated packaging to our major customers who engaged in Consumer Electrical & Electronics ("**Consumer E&E**") industry. Such decrease of sales was caused by the temporary supply shortage of semiconductor chips and labour that the major customers faced during the financial year.

Nevertheless, looking at Malaysia's established footprint in the global semiconductor supply chain, our Group believes that the slowdown in the sales of paper-based packaging will not prolong and the affected manufacturers will be able to relook into their operations structure to cope with the temporary supply shortage of semiconductor chips.

Our Group's total borrowings (excluding lease liabilities) for FYE 2022 decreased to RM10.55 million (FYE 2021: RM16.36 million) with an improved gearing ratio of 0.10 times (FYE 2021: 0.15 times) as a result of the repayment of bank borrowings with the proceeds from the public issue.

Being a net cash company with relatively low gearing ratio and healthy cashflow, provides our Group with the flexibility of funding options as and when the need arises.

We continued to receive prompt payments from our customers during the pandemic and endemic phases with close management of credit control and close co-operation from our credit worthy customers.

Notwithstanding the challenging operating environment, we remain focused on our mission and continue to grow our business sustainably with good governance.

REVENUE
2022 : RM85.76 million
2021 : RM106.68 million
▼19.61%

BASIC EARNINGS PER SHARE
2022 : 2.17 sen
2021 : 5.06 sen
▼57.11%

PAT MARGIN
2022 : 9.92%
2021 : 15.88%
▼5.96%

CASH & CASH EQUIVALENT
2022 : RM40.40 million
2021 : RM47.41 million
▼14.79%

CURRENT RATIO
2022 : 6.33 times
2021 : 4.68 times
▲35.26%

02

ONE-STOP SOLUTION PRINTING AND PACKAGING PROVIDER

On 8 March 2022, the Ministry of Health of Malaysia announced the transitioning of COVID-19 into the endemic phase on 1 April 2022. With the relaxation, our marketing team was able to proactively seek for new working opportunities supported by our G7 Master Qualification and Fogra Certification. With these qualifications / certifications, our Group is able to market our products to multi-national companies ("**MNC**") and overseas packaging solution providers. Apart from that, our FSC® Certification also allows us to penetrate into the European market, which emphasises on eco-friendly concept. These qualifications / certifications represent a huge leap forward in recognising us as a leading one-stop solution packaging provider. Our Board is confident that the introduction of new printing and packaging solutions will improve our future growth.

As part of our efforts in providing a new range of packaging products and innovative solution, our Group has acquired our first fully computerised vacuum transfer 5+1 Color Flexo Printer IR Dryer Varnish Stacker machine during the FYE 2022. The venture into Flexo printing allows us to provide a more economical packaging product and solution to our customers to meet their dynamic needs. Our target end-users in Flexo printing are customers in the fast moving consumer goods and Consumer E&E industries.

Our Group's coating competitive edge includes the availability of various coating solutions:

03

CORPORATE SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

As of to-date, all our employees are fully vaccinated with 2 doses of vaccines with 90% of them having received their first booster shot. In addition, our Group has taken other initiatives such as installing timely disinfectant fogging at production areas, conducting routine disinfection at the workplace and installing thermal-face scanning attendance system to minimise physical contact; hence, minimising the infection rate of COVID-19. During the pandemic phase, all employees were also required to take the COVID-19 test on a biweekly basis prior to entering our Group's premises. Our Group strives to undertake precautionary measures to maintain the health and safety of our employees against COVID-19, including weekly disinfection at the workplace, and encouraging our employees to take booster doses.

Sustainability measures are also incorporated in our business operations for the overall benefit of our stakeholders. The solar panels installed in 2 of our factories were fully operational in May 2021 and November 2021 respectively. Subsequently, we started to participate in Tenaga Nasional Berhad's Net Energy Metering 3.0 supply program in December 2021 and January 2022. The installation of solar panels has resulted in approximately 54% of electricity consumption savings for both factories. The total energy generated from our solar panels managed to reduce approximately 423.9 kg Carbon Dioxide emission, which is equivalent to the preservation of approximately 22,900 of trees. Our Board is considering the option to install more solar panels in other factories in the coming years.

Our Sustainability Statement on pages 28 to 43 of this Annual Report details the initiatives taken by our Group to achieve tangible outcome in mitigating environmental impact, ensuring employees safety and wellbeing, and reinvestment back into the community.

In FYE 2022, our Group took initiative to co-organise a Blood Donation Campaign with the local blood bank and St. John Ambulance. The Blood Donation Campaign was part of our Group's corporate social responsibility ("**CSR**") programme and was intended to replenish the blood supply in local blood bank during this challenging time. Our Group managed to attract more than 120 individuals to participate in the campaign out of which a total of 92 individuals were qualified to contribute to the cause. In conjunction with the Blood Donation Campaign, our Group had also made a donation for St. John Ambulance Melaka Kubu Combined Division, KMT, State of Melaka. I would like to take this opportunity to thank our co-organiser and all the sponsors for the success of the campaign, and we shall continue to make a positive socio-economic impact by organising more of such events.

Blood Donation Campaign with local blood bank and St. John Ambulance Malaysia.

04

DIVIDENDS

Despite the economic downturn, I am pleased to report that our Board has recommended a final dividend of 0.75 sen (FYE 2021: 1.00 sen) per share, which is subject to approval by the shareholders of HPP Holdings at the 4th Annual General Meeting.

Together with the 0.75 sen per share interim dividend which was paid in March 2022, this brings the total dividends for FYE 2022 to 1.50 sen (FYE 2021: 2.00 sen) per share amounting to RM5,826,450.00 (FYE 2021: RM7,768,600.00).

05

APPRECIATION

"On behalf of the Board, I wish to convey my sincere appreciation to various stakeholders for their unwavering support towards HPP Holdings"

On behalf of our Board and management, I would like to convey my sincere appreciation to all our employees across our Group for their dedicated efforts and devotion to our Group during the challenging economic and business conditions.

My sincere gratitude extends to all our shareholders, customers, business partners and other stakeholders for their continued support and commitment.

Lastly, I wish to thank my fellow Board members for their advice, valuable inputs and guidance in steering our Group through the performance achieved during this challenging time.

Thank you.
Lau Tee Tee @ Lau Kim Wah
Non-Independent Non-Executive Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

01

BUSINESS AND OPERATIONAL OVERVIEW

We are pleased to present the management discussion and analysis for HPP Holdings and our subsidiaries ("**HPP Group**" or "**Group**") for the FYE 31 May 2022.

HPP Group is based in Melaka and principally involved in printing and production of paper-based packaging, including corrugated packaging, non-corrugated packaging and other related products such as brochures, leaflets, labels and paper bags as well as trading and production of rigid boxes. Our Company was listed on the ACE Market of Bursa Securities on 20 January 2021.

As a specialist in the printing and production of paper-based packaging, we are capable of providing a suite of comprehensive printing services (pre-press, press and post-press processes) for customers covering various end user markets, including Consumer E&E, pharmaceutical, sheath contraceptive and food and beverage. We provide printing and production of paper-based packaging which is customisable to satisfy our customers' various packaging design requirements. We also print brochures, leaflets, labels and paper bags to complement our paper-based packaging. In addition, our Group also trade and produce rigid boxes.

While our business is predominantly focused on the domestic market, we have over the years, expanded our customer base overseas to Singapore, Thailand, the Philippines, United States of America (USA), Myanmar, Germany and Mexico. In addition, we continue to print and produce paper-based packaging for some of our Malaysian-based customers who have expanded their businesses and manufacturing facilities in overseas.

02

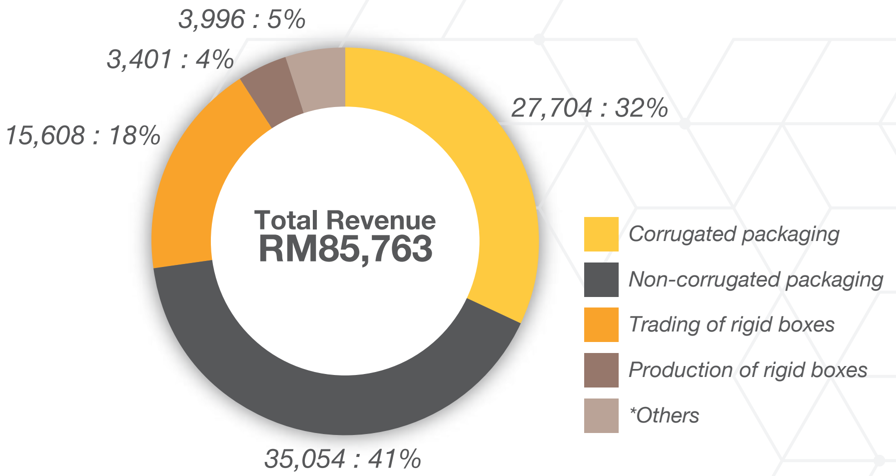
FINANCIAL HIGHLIGHTS

FYE 31 May	2020	2021	2022
	RM'000	RM'000	RM'000
Revenue	101,203	106,682	85,763
Profit before taxation	12,433	18,973	11,514
Profit for the year	8,816	16,940	8,508
Dividend for the financial year	N/A	7,769	5,826[(i)]
Issued share capital	5,500	90,208	90,208
Total equity attributable to owners of the Group	67,388	110,565	115,487
Total assets	105,663	152,787	147,207
Total borrowings (excluding lease liabilities)	21,848	16,357	10,551
Net assets per share (sen)	22.48[(ii)]	28.46[(iii)]	29.73[(iii)]
Basic earnings per share (sen)	2.75	5.06	2.17

Note:
(i) Including a final dividend of 0.75 sen per share, which is subject to approval by the shareholders of HPP Holdings at the 4th Annual General Meeting
(ii) Based on 299.76 million number of Shares
(iii) Based on 388.43 million number of Shares

I. Financial Performance

Revenue Segmentation (by products) for FYE 31 May 2022 (RM'000)



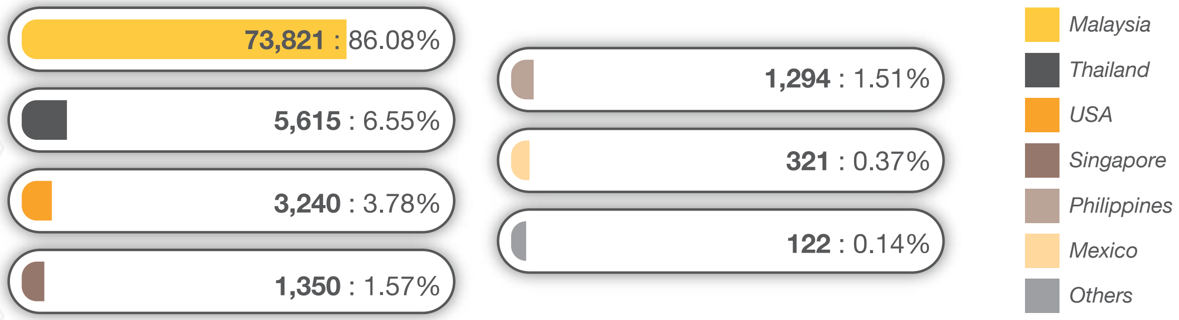
Manufacturing Segment RM70.15 Million

Trading Segment RM15.61 Million

Note:
** Others comprise brochures, leaflets, labels, and paper bags which are complementary to our paper-based packaging.*

Our Group recorded a revenue of approximately RM85.76 million for FYE 2022, representing a decrease of approximately 19.61% as compared to the previous financial year. This was mainly due to lower sales of paper-based packaging to our major customers in the Consumer E&E industry. As a result, the contribution from the manufacturing segment has also decreased by approximately 10.72% in FYE 2022.

Revenue Segmentation (by geographical) for FYE 31 May 2022 (RM'000)



Note:
** Others comprise sales from Taiwan and China.*

Our revenue was mainly derived from our customers in Malaysia, constituting approximately 86.08% of our total revenue for the FYE 31 May 2022 while our revenue contribution from overseas customers was mainly from Thailand, USA, Singapore, the Philippines and Mexico, which aggregately accounted for approximately 13.78% of our total revenue for the FYE 31 May 2022.

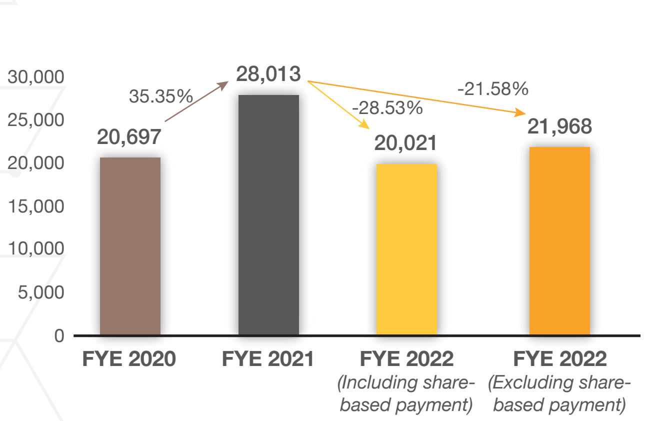
Our domestic revenue for FYE 31 May 2022 decreased by approximately 12.76% mainly due to the decrease in sales of paper-based packaging from existing customers in the Consumer E&E industry.

Although the majority of our revenue is derived domestically, our Group will continue to improve the contribution from overseas market, especially in our manufacturing segment.

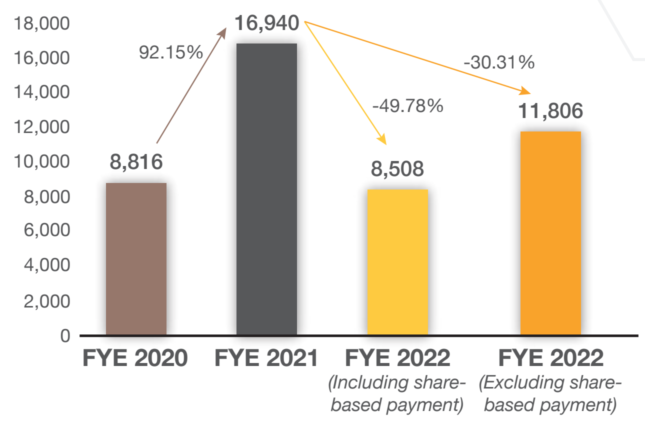
For information purpose, we have set out below the analysis of our Group's financial performance for the FYE 31 May 2022, excluding the effect of share-based payment:

Financial year ended 31 May	2020	2021	2022
	RM'000	RM'000	RM'000
Gross profit	20,697	28,013	20,021
Gross profit margin: Including the effect of share-based payment	20.45%	26.26%	23.34%
Excluding the effect of share-based payment	20.45%	26.26%	25.62%
Profit before tax	12,433	18,973	11,514
Profit and total comprehensive income for the financial period	8,816	16,940	8,508
Profit after tax margin: Including the effect of share-based payment	8.71%	15.88%	9.92%
Excluding the effect of share-based payment	8.71%	15.88%	13.77%

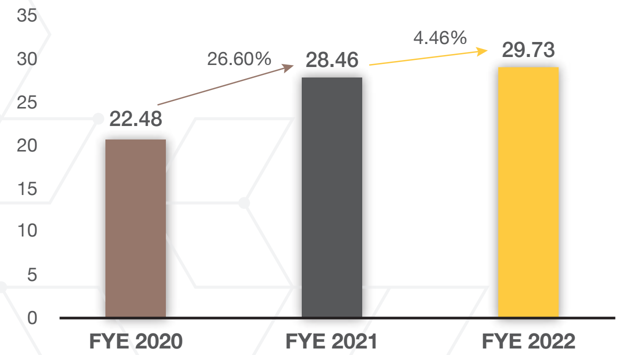
Gross Profit (RM'000)



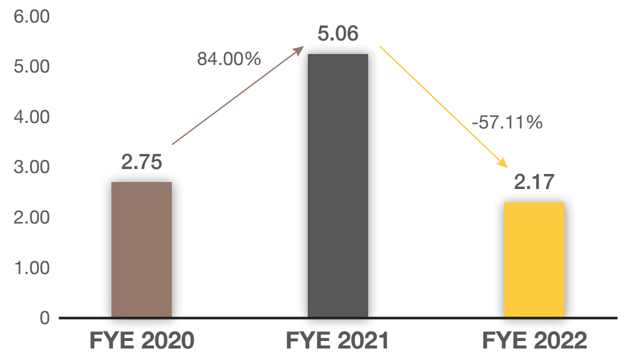
Profit For The Year (RM'000)

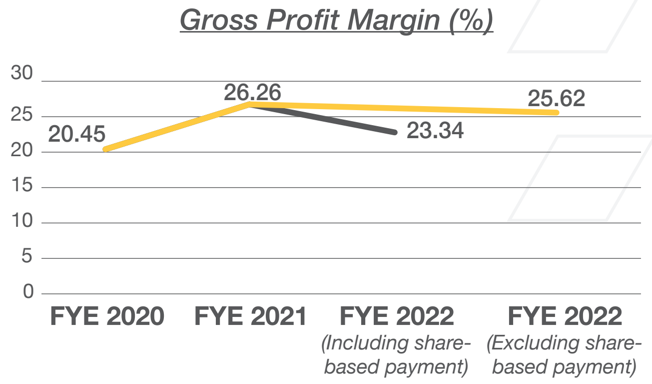


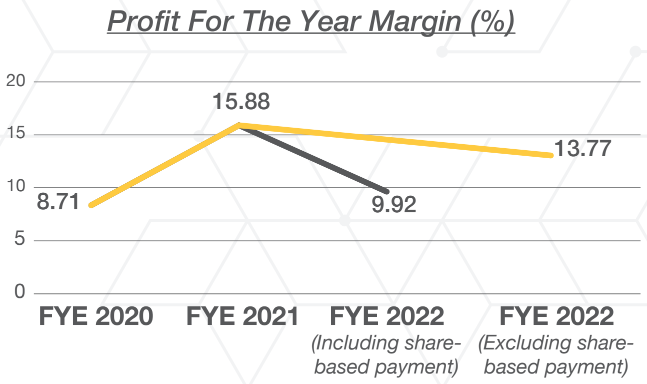
Net Assets Per Share (Sen)



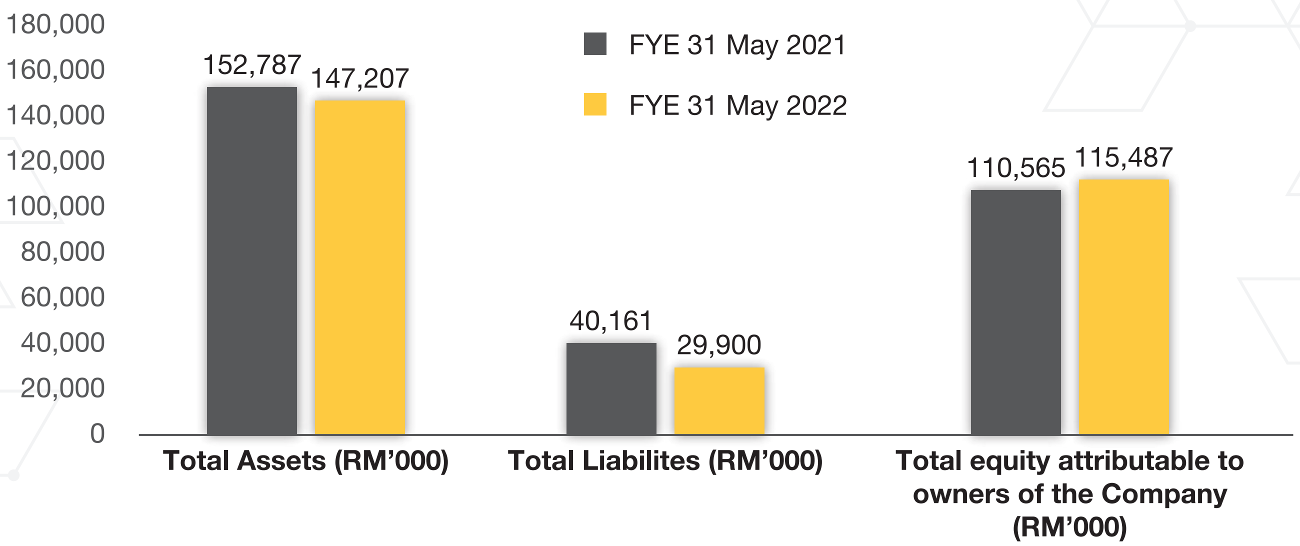
Basic Earnings Per Share (Sen)







II. Financial Position



Our Group's total assets stood at approximately RM147.21 million as at 31 May 2022. Our total liabilities decreased to approximately RM29.90 million, mainly due to repayment of bank borrowings from proceeds raised from the public issue as well as internally generated funds. Our Group's total equity attributable to owners of the Company stood at RM115.49 million, translating to net assets per share of 29.73 sen (FYE 2021: 28.46 sen).

Our Group's overall financial position remained fundamentally solid with cash and cash equivalent of RM40.40 million, including deposits in short-term fund. This will provide our Group with sufficient funds to brace through these uncertain times and invest in strategic initiatives to further deliver profitable growth in future years.

III. Capital Expenditure

Capital expenditure investment is vital for our Group in order to maintain our competitiveness in the industry. During FYE 2022, our Group acquired a fully computerised vacuum transfer 5 Color Flexo Printer with IR Dryer Varnishing machine, thus allowing us to venture into Flexo printing and provide an additional service to our customers. In order to improve our production capacity, our Group also acquired a new laminating machine with auto pile turner and stacking capability as well as a new high speed automatic folder gluer machine during the financial year. All these machines were funded via internally generated funds.

To further improve on our production capacity, we have also acquired a new automatic die cutting machine with stripping function, which was funded via the proceeds raised from the public issue.

03

ANTICIPATED OR KNOWN RISKS AND MITIGATING PLANS AND STRATEGIES

I. Regulatory Requirements

Our Group's business is bound by federal, state and local laws as well as rules and regulations set by Government bodies related to the printing and packaging industry, such as Ministry of International Trade and Industry and Ministry of Home Affairs.

To-date, our Group has not encountered any difficulty in renewing any approvals, licenses, permits and certificates which are important to our operations. The renewal of these approvals, licenses, permits and certificates is subject to compliance with the relevant regulations and conditions imposed, which is at times contingent on the review, inspection and assessment as well as continuously evolving practices and requirements of the relevant authorities. The Management and relevant Heads of Department of our Group are closely monitoring this matter to ensure that we are in compliance with all the relevant regulations and conditions imposed by the authorities in order to prevent any disruption to our operations.

II. Price Fluctuations Of Raw Material And Shipping Cost

Paper is our Group's main raw material. The price of paper is volatile as the price is based on the commodity price of wood pulp, demand and supply conditions, and other factors beyond controls such as production cost of paper, natural disasters, Government regulations, general economic conditions and rising labour cost. Any unfavourable changes in the conditions of any of the above factors may cause material increase in the price of paper.

Whilst we mainly purchase our paper from local suppliers, we also purchase paper from overseas suppliers to maintain the availability of our supplies to fulfil our customers' orders. Our Group may pass on the increase in the cost of paper to our customers if the increase in price is substantial. However, there is no assurance that we will be able to pass on all such increased costs to our customers and our Group's financial performance may be affected if we are unable to do so. Notwithstanding this, our Group has also taken other initiatives such as purchasing in bulk when the price is low so as to enable us to lock in a lower purchase price. We also have a good relationship with our suppliers through constant communication to overcome the volatility and / or shortage.

The global shipping costs were unstable during the COVID-19 pandemic period. Nonetheless, the global shipping costs have stabilised where ports have reopened as most countries are now in endemic phase.

III. Ability To Maintain Quality And Exceed Customers' Expectations

Our ability in providing high quality product and services has enabled us to secure orders from both our existing and potential customers. Notwithstanding this, any future orders from these customers are also dependent on whether we are able to constantly meet their needs and expectations. Failure to do so may result in loss of customers and adversely affect our profitability.

As part of our effort in maintaining the quality of our product and services, our Group has obtained various certifications (e.g. G7 Master Colorspace Qualification) throughout the years; the latest one being **ISO 12647-2:2013** certification from Fogra, Graphic Technology Research Association, Munich, Germany. The **ISO 12647-2:2013** acts as a reliable reference for customers of our ability to match their desired output quality. It is also a testament to the quality assurance and management of our products.

IV. Labour Supply And Minimum Wage

Our operations are dependent on a stable supply of labour especially for operations of printing machines and general works in our factories such as preparing printing plates, cutting rolled paperboard and assisting in the printing machines and other post-press machines. Although our Group employs both local and foreign workers for our operations, there has been a shortage of labour supply within the industry since the COVID-19 pandemic.

With the Government's decision to decentralise the interview process for foreign workers through Foreign Worker Centralised Management System, our Group believes that we will be able to benefit from the recruitment of foreign workers to fill the vacancies and hence, improve our productivity. This is expected to smoothen our overall operations, namely the production department.

In addition, our Group had undertaken various efforts such as collaboration with vocational colleges for internship programmes and subsequently hiring these intern students as our full-time employees by offering salaries above minimum wage. Our Group continues to participate in job fairs organised by the Ministry of Human Resources Malaysia to recruit Malaysian workers for our operations.

Our Group has also conducted a group wide salary adjustment exercise for employees whose salaries are below the newly implemented minimum requirement of RM1,500 during the 2nd quarter of FYE 2022.

V. Dependency On Selected Consumer E&E Industry Customers

The global chip shortage has significantly impacted the Consumer E&E industry as chip is a key component in the production of their products. Our Group's revenue decreased by RM20.92 million or 19.61% in FYE 2022 as compared to FYE 2021 as our major revenue contributors are from the Consumer E&E industry. With various forms of subsidy / support provided by the governments worldwide, our Group believes that the global chip shortage impact should improve in the near future.

Our Group acknowledges the importance to widen our product range to expand our business opportunities. Hence, our Group has been putting more effort to explore variety of services other than printing and packaging services such as assisting our customers by way of re-designing their product design to make it more cost effective and environmentally friendly.

Our Group aims to provide a combination of one-stop solutions (pre-press, press and post-press) and tailored services to our existing and new customer base to remain competitive in our industry. We continue to strive for diverse opportunities in our production with the existing production line to generate more revenue to satisfy our customers' demands.

VI. Our Group's Future Plans And Growth

The global growth is projected to slow down in 2022 where the International Monetary Fund forecasted Malaysia's economic growth rate at 5.1% in 2022 while Bank Negara Malaysia has projected the growth rate at the range of 5.3% to 6.3%. Malaysia's economic recovery is underpinned by the continued expansion in external demand upon the reopening of international borders on 1 April 2022. Our Group believes that the growth of external demand for goods will remain stable, especially for Consumer E&E products. Our Group has also been actively expanding our clientele to diversify customers in other industries instead of overreliance on certain customers in the Consumer E&E industry.

While fulfilling local market demand continues to be the mainstay of our business, we continue to explore for more business opportunities within the ASEAN region where most countries are currently in endemic phase. With all these initiatives and consistency in execution of our Group's strategies to manage both the top and bottom lines, our Board is confident that our Group is well positioned to increase the volume of our overseas order. Nevertheless, personal spending in Malaysia has also improved in FYE 2022 as compared to FYE 2021. The increase in such personal spending is predominantly due to the radical shift in consumers' behaviour to shop online where online shopping has become the norm during the pandemic. Our Group had seized such opportunities to secure sales orders from merchandisers who sell through the online platforms. Moving forward, our Group will further explore new business opportunities by expanding our packaging product range and offering innovative solutions to existing and potential new customers such as online merchants.

In line with the abovementioned strategy, our Group is looking into expanding our revenue by venturing into paper pulp moulded tray segment. We have received various requests / inquiries on such product from our existing customers as they are having difficulties in sourcing it from other local suppliers.

Looking at rising oil price and interest rates, implementation of minimum wage, and rising inflation, all of which will significantly increase our operating costs, we will continue to cushion such impact through prudence cost optimisation and tight management of internal efficiencies.

As part of our Group's expansion plan, we have acquired two (2) pieces of land in Taman Teknologi Cheng, Melaka in August 2022. We plan to construct a 4-storey factory on the newly acquired land, and are currently in the process of engaging with the relevant authorities and professional advisers on this matter. The construction will be funded through a combination of internally generated fund and bank borrowings.

SUSTAINABILITY REPORTING

01

INTRODUCTION

I. SUSTAINABILITY REPORTING

Our Group is committed towards value creation for long-term sustainability for its stakeholders. To this end, our Group has embedded practices that focus on building sustainability throughout our Group's business operations.

HPP Holdings is pleased to present its Sustainability Statement ("**Statement**") that details our Group's Environmental, Social and Governance ("**ESG**") performances. This Statement communicates our Group's journey towards embedding sustainability in the business and daily operations whilst considering the interests of our stakeholders and business growth. This Statement also sets out HPP Holdings' approach towards sustainable development and management of ESG risks and opportunities, after considering the impact of our business endeavours on the ESG facets our Group interacts with.

II. SCOPE AND BOUNDARIES

HPP Holdings is an investment holding company while our subsidiaries are involved in the printing and packaging production businesses. The scope of this Statement mainly relates to our Group's printing and packaging production businesses in Malaysia and where available, this Statement also provides comparative historical data.

III. REPORTING PERIOD AND CYCLE

This Statement describes our Group's sustainability activities covering both financial and non-financial aspects for the financial period from 1 June 2021 to 31 May 2022, and up to the date of this Statement.

IV. GUIDELINES AND STANDARDS

We are pleased to present our sustainability statement prepared in accordance with the Sustainability Reporting Guide issued by Bursa Securities ("**SRG**").

Our Group has considered key sustainability matters as guided and defined by both the Global Reporting Initiative ("**GRI**") on Sustainability Standards and SRG.

V. GOVERNANCE STRUCTURE

Our Board adopts a sustainability governance approach that is fit for our Group's purpose, after considering amongst our culture, needs, sustainability-related risks and opportunities as well as level of maturity of the sustainability intellect and readiness.

The diagram below highlights the key roles and responsibilities of HPP Holdings in relation to ESG matters:

Board of Directors

- Oversees and governs our Group's sustainability agenda and strategy
- Embeds ESG within our Group's business strategy
- Approves our Group's ESG strategy

Group Managing Director

- Approves targets and market disclosures
- Develops ESG strategy and recommend appropriate revision to the Board
- Evaluates overall ESG risks and opportunities

Senior Management

- Support the Board and Group Managing Director in the implementation of sustainabiity-related strategies
- Oversees departments / functions in ensuring robustness of system in relation to ESG management
- Report management targets
- Develop plans and timelines for relevant disclosures

02

MATERIALITY ASSESSMENT PROCESS

I. OBJECTIVES

The objectives of the materiality assessment process are to allow HPP Holdings to optimise our Group's identification of material sustainability matters with a view to enhance our Group's strategic planning, implementation and business decision-making process and to enable stakeholders to make better informed decisions.

Our Board considers that it is appropriate, in this regard, to limit the scope of materiality assessment and by extension the sustainability disclosure to the active companies within our Group. The scope within which materiality applies as far as operations are concerned is limited to the printing and production of paper-based packaging, comprising corrugated and non-corrugated packaging, as well as other print materials such as brochures, leaflet, labels and paper bags as well as trading and production of rigid boxes.

II. STAKEHOLDER ENGAGEMENT

HPP Holdings' stakeholders are parties who are impacted by our Group's business decisions and activities and the parties whose actions and decisions will influence HPP Holdings' business growth. HPP Holdings continuously maintains a regular engagement with its stakeholders, which enables our Group to identify and align their key priorities and concerns within our Group's business practices and strategies towards addressing material sustainability matters.

The diagram set out are the various types of stakeholder engagements as well as the areas of interest identified together with the appropriate responses to address such interests arising:

Investors and Shareholders
- Business performances and directions
- Prospects and strategies
- Return on Investment
- Business continuity and risks
- Shares liquidity

- *Quarterly reporting and regular audit*
- *Financial performance results*
- *Annual reports*
- *Annual General Meeting*

Customers
- Product quality
- Lead time
- Product prices and values
- Rate of return and defects
- Procurement strategies

- *Quality management system*
- *Competitive pricing*
- *Continuous engagement with customers to improve product quality*

Suppliers
- Product specifications, delivery requirements, payment terms and quality standards
- Business conduct, ethics and integrity
- Opportunity to supply and conduct of business

- *Regular communication on requirements*
- *Product improvement*
- *Feedback on products and services*

STAKEHOLDER ENGAGEMENT

Community
- Financial support and aid
- Social responsibility
- Environmental awareness and education
- Livelihood support
- Equal opportunity
- Employment opportunity

- *Corporate Social Responsibility ("**CSR**") events and programmes*
- *Job opening*

Government and Regulators
- Regulation, governance and legal requirements and standards
- Timely adherence
- Transparency and prompt disclosures

- *Reporting and communications*
- *Timely renewal and compliance*
- *Monitoring of compliance status (e.g. legal checklist)*

Employees
- Career and personal development
- Reasonable remuneration, welfare and benefits
- Employment diversity and equal opportunity
- Working environment
- Occupational safety and health
- Job performance evaluation / assessment
- Ethics and integrity
- Work-life balance

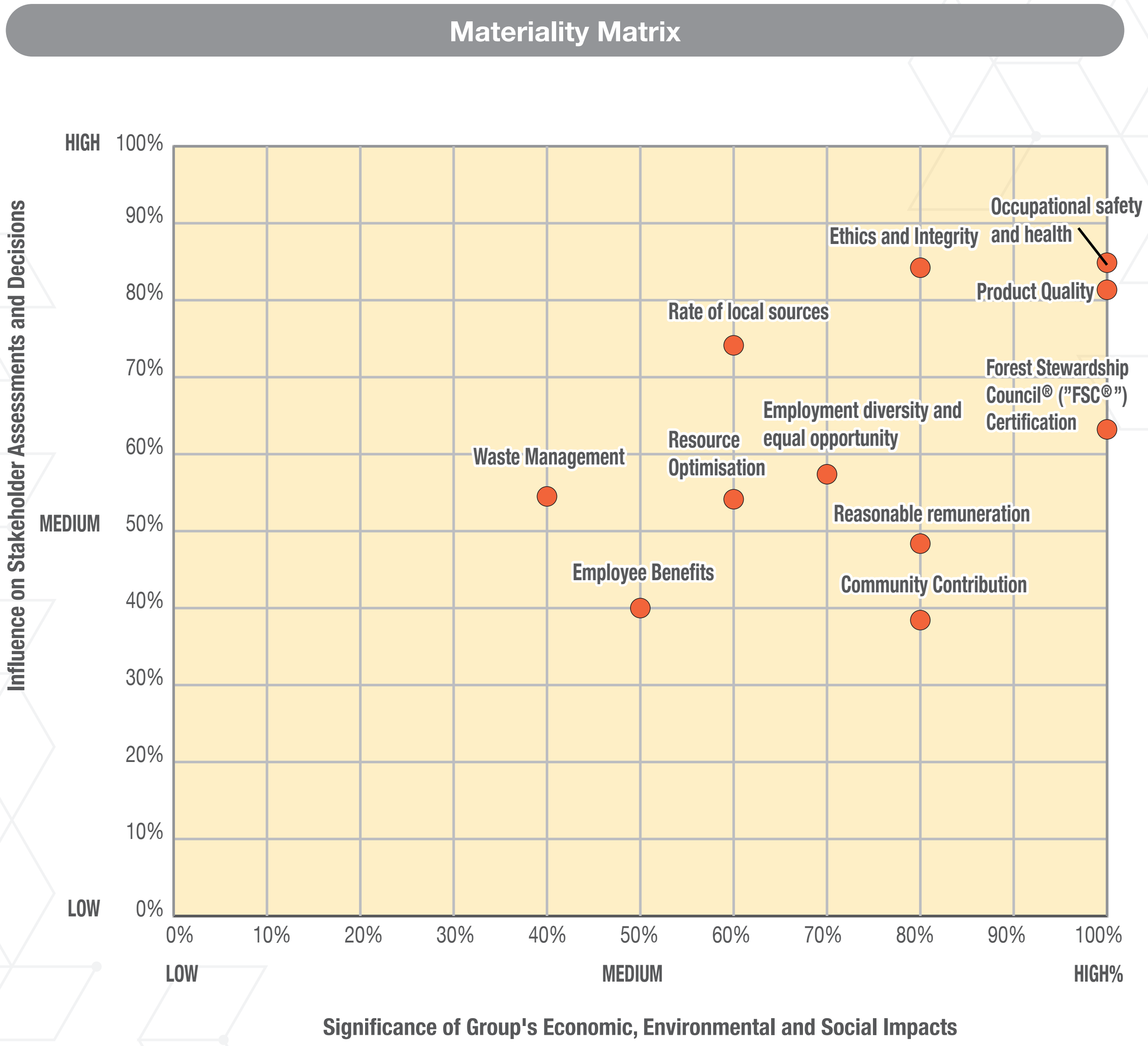
- *Internal and external training*
- *Staff welfare*
- *Corporate activities and events*
- *Performance management system*
- *Whistleblowing channel*

Based on the interest indication as well as feedback received from HPP Holdings' stakeholder groups during the engagement process, our Group identifies and prioritises issues and matters which are most relevant to each of the stakeholder groups. Each stakeholder group is assessed by our Board based on the influence on the achievement of our strategic objectives and its impact on our Group's businesses and operations.

With reference to the SRG issued by Bursa Securities and in the context of HPP Group, the prioritised sustainability matters that have been identified are illustrated in the following sections.

III. PRIORITISATION OF SUSTAINABILITY MATTERS (MATERIALITY ASSESSMENT)

Our Group has identified key sustainability matters that materially impact HPP Group's sustainability areas or significantly influence the assessments and decisions of stakeholders. Pursuant to the stakeholders' engagement as mentioned above together with a desktop review of our Group's business operations, risks and opportunities, a materiality assessment has been undertaken to identify and prioritise sustainability matters that affecting HPP Group's sustainability goals. Accordingly, the material sustainability initiatives undertaken by HPP Group are illustrated in the diagram below:



The activities undertaken in respect of such initiatives / matters are set out in the following sections:

SUSTAINABILITY ACTIVITIES

(A) ECONOMIC

- **Product Quality**

HPP Group specialises in printing and production of paper-based packaging, comprising corrugated and non-corrugated packaging, as well as other print materials such as brochures, leaflet, labels and paper bags as well as trading and production of rigid boxes. The subsidiaries that involved in such printing and production are Hayan Prints and Envy Premium.

Rejection Rate

As a responsible supplier to our customers, product quality is the top priority for HPP Group. To comply with these requirements, our Group has developed and implemented quality check procedures and Standard Operating Procedures ("**SOP**") to be followed by the production team and conduct quality check on a sampling basis at every critical production process.

Defective items are identified and rejected during the production process prior to delivery to our customers. Also, the root causes of rejection and corrective actions are identified and closely monitored by management so as to improve productivity and minimise wastages.

The rejection rates by various departments and entity are tabulated below:

(I) Hayan Prints

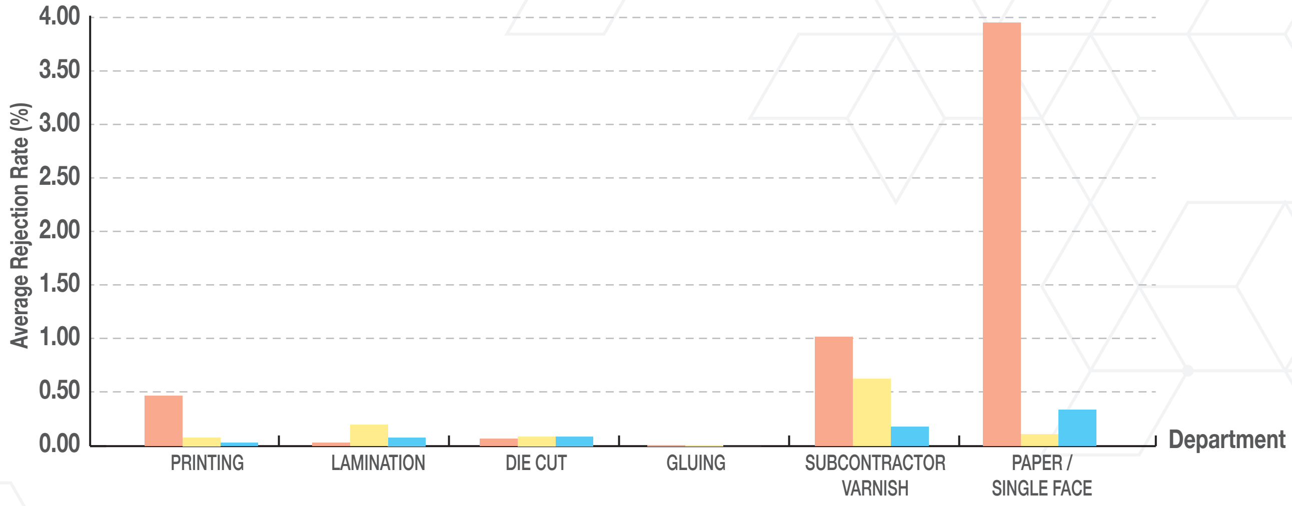
Department	FYE 31 May 2020	FYE 31 May 2021	FYE 31 May 2022
Printing	0.47%	0.08%	0.03%
Lamination	0.03%	0.20%	0.08%
Die Cut	0.07%	0.09%	0.09%
Gluing	0.01%	0.01%	0.00%
Subcontractor Varnish	1.02%	0.63%	0.18%
Paper / Single Face	3.96%	0.11%	0.34%
Average	**0.93%**	**0.18%**	**0.12%**

(II) Envy Premium

Department	FYE 31 May 2020	FYE 31 May 2021	FYE 31 May 2022
Production	1.03%	0.98%	1.13%

Hayan Prints' production volume and number of production processes are relatively higher as compared to Envy Premium. The average rejection rates for subcontractor varnish and paper / single face production remain higher as compared to other printing and production activities in Hayan Prints whilst Envy Premium maintains an average rejection rate of 1% for its products.

Production Rejection Rate by Department (Hayan Prints)



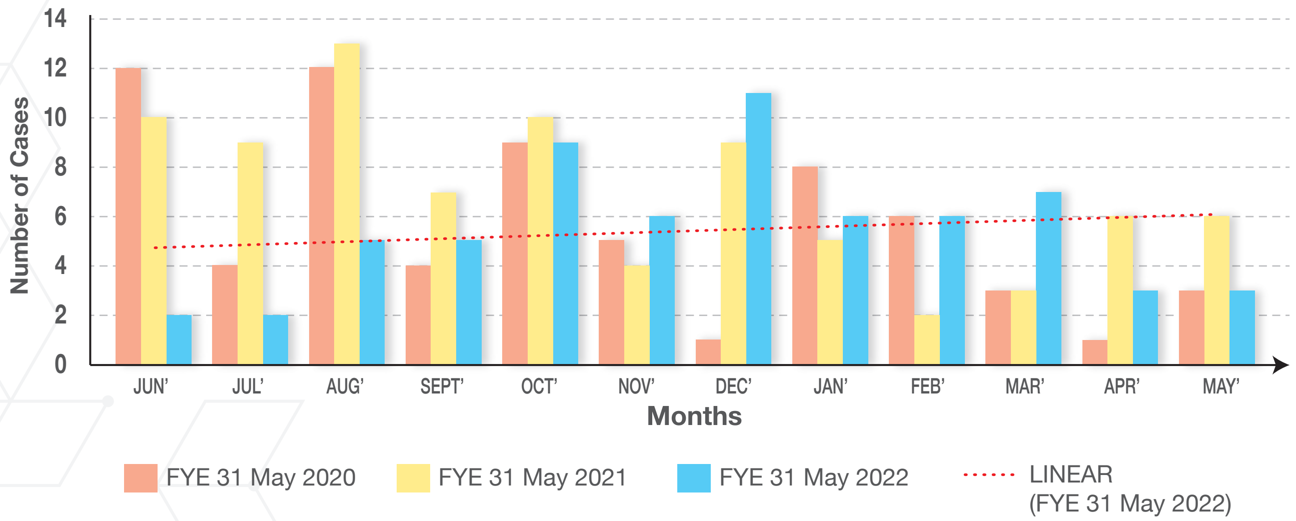
Source: Hayan Prints' Production Rejection Rate from FYE 31 May 2020 to 31 May FYE 2022

Customer Complaints

Product quality is one of our Group's top priorities as our Group commits to offer customers the finest products using cutting edge printing technology.

The number of customer complaints for Hayan Prints are tabulated below:

Number of Customer Complaints



Source: Hayan Prints' Quality Monitoring Report from FYE 31 May 2020 to FYE 31 May 2022

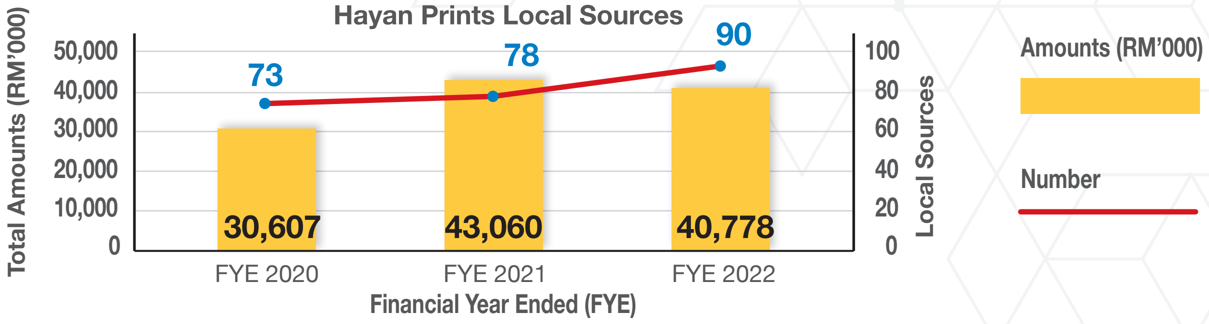
During FYE 31 May 2022, the number of customer complaints shows an increasing trend over the 12 months period. However, the monthly average number of customer complaints for FYE 31 May 2022 is 6 cases (FYE 31 May 2021: 7 cases), whilst total cases for FYE 31 May 2022 is at 65 cases (FYE 31 May 2021: 84 cases), which generally indicates a decline as compared to FYE 31 May 2021.

- **Rate of Local Sources**

Procurement

HPP Group continuously strives to ensure 90% of its suppliers are locally sourced.

(I) Hayan Prints

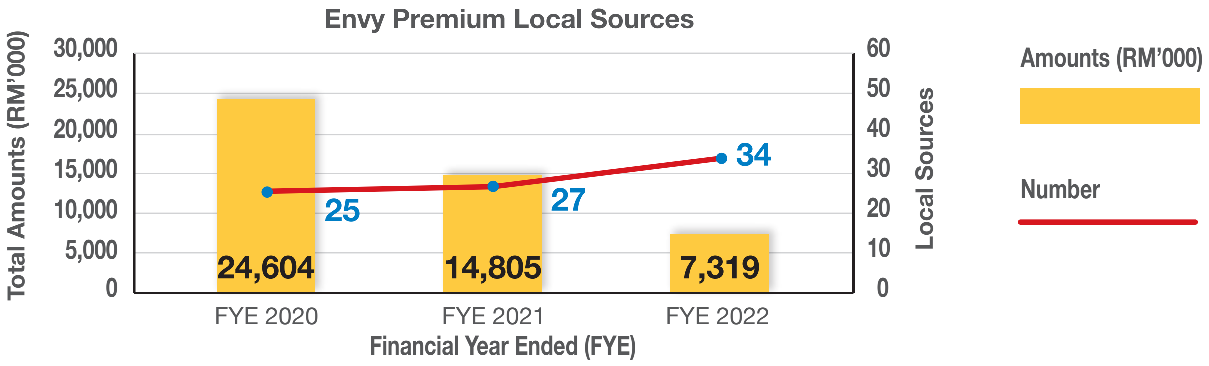


Suppliers	FYE 31 May 2020		FYE 31 May 2021		FYE 31 May 2022	
	Number	Amounts (RM'000)	Number	Amounts (RM'000)	Number	Amounts (RM'000)
Local	73	30,607	78	43,060	90	40,778
Non Local	6	7,229	6	6,911	11	1,910
Total	79	37,836	84	49,971	101	42,688
Percentage (Local / Total)	92%	81%	93%	86%	89%	96%

Source: Supplier Listing as at 31 May 2020, 31 May 2021 and 31 May 2022

As at 31 May 2022, Hayan Prints has 90 registered local suppliers. The number of local suppliers increased from 78 in FYE 31 May 2021 to 90 in FYE 31 May 2022, whilst the value of purchases made from local suppliers has reduced from RM43.06 million (FYE 2021) to RM40.78 million (FYE 2022).

(II) Envy Premium



Suppliers	FYE 31 May 2020		FYE 31 May 2021		FYE 31 May 2022	
	Number	Amounts (RM'000)	Number	Amounts (RM'000)	Number	Amounts (RM'000)
Local	25	24,604	27	14,805	34	7,319
Non Local	1	198	-	-	-	-
Total	26	24,802	27	14,805	34	7,319
Percentage (Local / Total)	96%	99%	100%	100%	100%	100%

Source: Supplier Listing as at 31 May 2020, 31 May 2021 and 31 May 2022

As at 31 May 2022, Envy Premium has 34 registered local suppliers and does not have any non-local supplier i.e. its supplies are 100% locally sourced. The number of local suppliers increased from 27 in FYE 31 May 2021 to 34 in FYE 31 May 2022, whilst the value of purchases made from local suppliers reduced from RM14.81 million (FYE 31 May 2021) to RM7.32 million (FYE 31 May 2022). This was mainly

due to more production activities being undertaken by Envy Premium rather than trading activities (which have higher purchase costs) in FYE 31 May 2022. Furthermore, Envy Premium has expanded its pool of suppliers in order to source for more competitive pricing supplies.

- **Ethics And Integrity**

HPP Holdings adopts a zero-tolerance stance against fraud, bribery and corruption. Apart from the Code of Ethics and Conduct, our Group is guided by a set of robust corporate policies that address anti-bribery and corruption, anti-money laundering and whistleblowing. The Anti-Bribery and Corruption ("**ABC**") Policy is communicated to employees via various platforms, including our Group's corporate website, training sessions and induction programmes.

Employees are expected to conduct themselves professionally and with integrity and shall not engage in any form of corrupt or illegal acts. Any allegation or suspicion of corruption or illegality is taken seriously, and every employee is to uphold its promulgated business ethics when carrying out their tasks and responsibilities.

In FYE 2022, there was no bribery and corruption case reported and our Group aims to maintain this record by promoting a positive culture of compliance. None of our employees was disciplined or dismissed due to non-compliance with the ABC Policy. HPP Holdings remains committed towards preserving this record and will continue to uphold high levels of integrity and ethical standards.

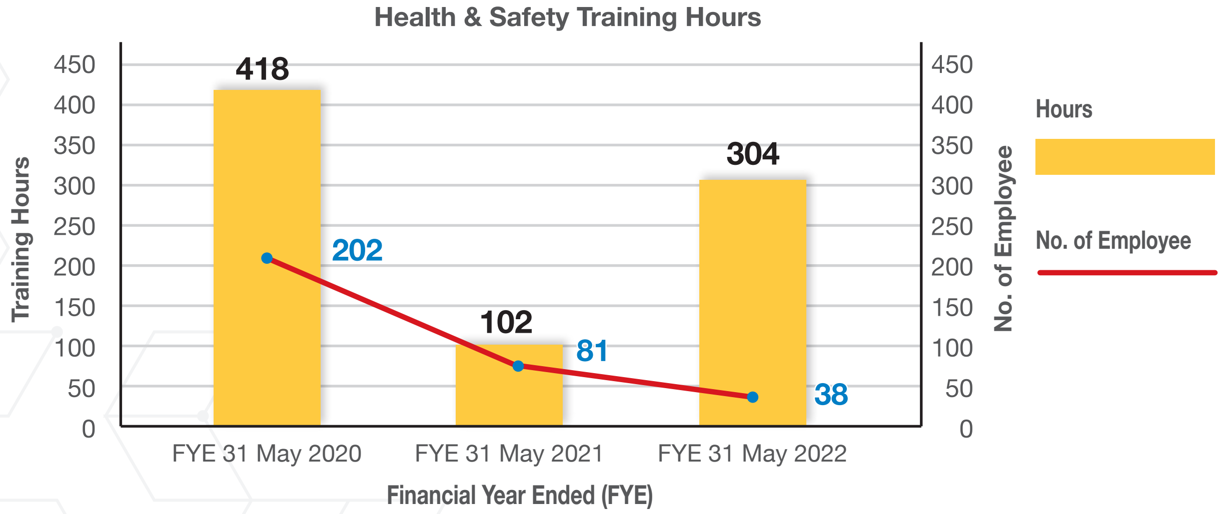
(B) SOCIAL

- **Occupational Safety and Health ("OSH")**

Occupational safety and health remain as one of the top priorities to HPP Holdings. Our Group advocates safe and healthy working environment as the wellbeing of our stakeholders is a key factor to our Group's success. Various programmes and initiatives have been instituted to ensure safety is prioritised at our Group's premises. The principal initiatives undertaken by management is the continuous education and training provided to employees.

OSH Training

As at 31 May 2022, there was a total 304 training hours provided to 38 employees by our Group.



Source: Training Listing related to Health and Safety from FYE 31 May 2020 to FYE 31 May 2022

During the FYE 31 May 2022, the number of participating employees that attended training was lower as compared to the previous financial years. Notwithstanding this, the training hours has increased from 102 hours (FYE 31 May 2021) to 304 hours (FYE 31 May 2022).

HPP Group remains committed towards preventing the occurrence of accidents / incidents and aims to keep the number of accidents or incidents to zero (0). However, there was an accident happened in the Printing Department on 7 September 2021. This accident had led to a Loss Time Injury (“**LTI**”) of 29 days as a result of injury caused to the operator. The SOP has been tightened to minimise the risk of a recurrence.

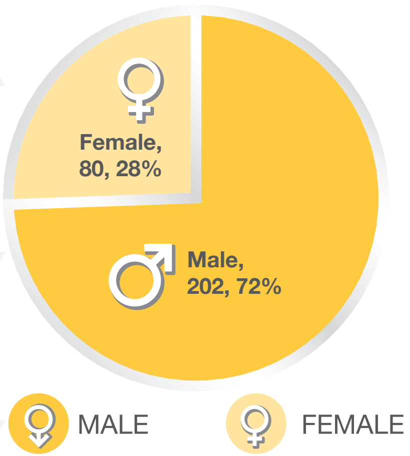
Additional Safety Measures Imposed Due to COVID-19 Pandemic

In protecting employees at work, additional safety measures and strict adherence to SOP were imposed by HPP Group to curb the spread of COVID-19 at workplace. Our Group took the initiatives to provide hand sanitisers and face masks to employees at work. Our Group also provided COVID-19 self-test kit to suspected infected employees.

In addition, vaccination and booster doses are encouraged to be completed by all employees as part of our Group’s preventive measures.

As at 31 May 2022, all employees have been fully vaccinated and 90% of employees have received their first booster dose.

Employment Diversity and Equal Opportunity



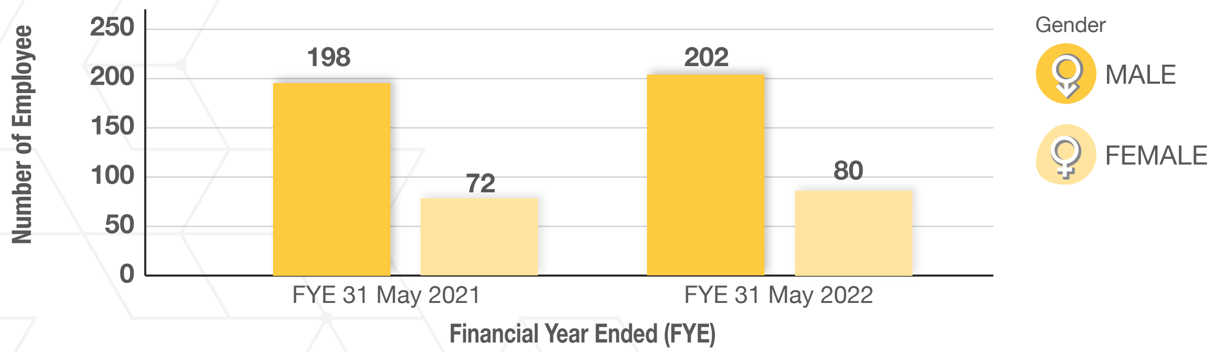
As at 31 May 2022, HPP Group had a total of 282 employees, comprising 202 male and 80 female, which represented approximately 72% and 28% of our Group’s total workforce respectively. Our Group will work towards having a better gender balance and diversity.

The total number of employees has increased from 270 employees in FYE 31 May 2021 to 282 employees in FYE 31 May 2022. The gender diversity ratio has changed from 73:27 in FYE 31 May 2021 to 72:28 in FYE 31 May 2022 with an increase in male employees by 2% together with an increase in female employees by 11%.

Number of Employee	Male	Female	Total
FYE 31 May 2021	198	72	270
FYE 31 May 2022	202	80	282
Increase (YoY, numbers)	4	8	12
Increase (YoY, %)	2.02%	11.11%	4.44%

Source: Total number of employees for Hayan Prints and Envy Premium as at 31 May 2022

Employee by Gender
(FYE 31 May 2021 vs FYE 31 May 2022)



Reasonable Remuneration

HPP Group remunerates its employees at a standard wage, which is in accordance with the prevailing labour law that is applicable to both genders at entry level. In addition, we reward our employees based on their merit and talent without any discrimination of gender or race or nationality.

HPP Group is committed to provide equal employment opportunities to all employees. Consequently, wage equality and common standard benefits are provided to all employees regardless of gender or race or nationality.

Employee Benefit

Training and Development

HPP Group recognises that employees are the most important assets and human capital development is one of the foundations towards our success. Thus, our Group provides both internal or external training to employees on a regular basis to enhance their skills and competencies.

Respective heads of department are required to identify the training needs of their subordinates in each financial year end. All recommendations for training will be provided to the Human Resource Department for review and compilation into a master training plan, prior to Senior Management’s approval.

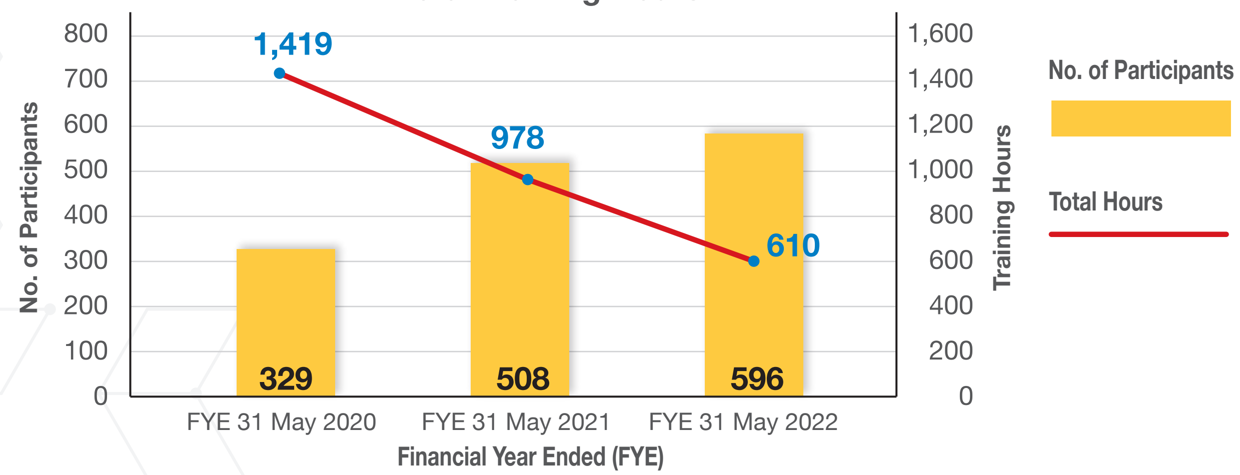
As at 31 May 2022, a total of 610 training hours were provided to 596 employees in FYE 31 May 2022.

Financial Year	FYE 31 May 2020	FYE 31 May 2021	FYE 31 May 2022
Number of Participants*	329	508	596
Total Hours	1,419	978	610

**Note: Number of participants is based on number of employees who attended each training and not the number of employees. Employees may attend a few trainings over the financial year.*

Although the total training hours has reduced from 978 hours in FYE 31 May 2021 to 610 hours in FYE 31 May 2022, the number of participants has increased from 508 to 596. This was mainly due to more trainings with shorter duration being conducted in FYE 31 May 2022 as compared to the previous financial year. This also resulted from stricter SOP requirements and partial closure of the factories due to increasing number of COVID-19 cases during FYE 31 May 2022.

Total Training Hours



Work-Life Balance

HPP Group aspires to foster a culture of work-life balance and acknowledges that the provision of paid marriage and maternity leave has positive impact on family and community development. To this end, all employees are provided with 3 days of paid leave for their first legal marriage, and all female employees are entitled to paid maternity leave for a period of no less than 60 consecutive days for every pregnancy.

Community Contribution

A blood donation event had been co-organised with St. John Ambulance Malaysia on 14 May 2022 to support the replenishment of the local blood bank and to raise awareness for the public.

The achievement of the blood donation event is as below:

Goal(s) / Expectation(s)	Achievement(s)	Achievement Rate (%)
150 donors	92 qualified donors	61%
More than 150 registrations	124 registered individuals	83%

In addition, HPP Group has also made a cash donation to St. John Ambulance Malaysia Melaka Kubu Combined Division, KMT, State of Melaka. HPP Group believes that adopting continuous CSR towards the community will create value and enhance the development of local society and community.

1 pint of blood will save 3 lives

(C) ENVIRONMENT

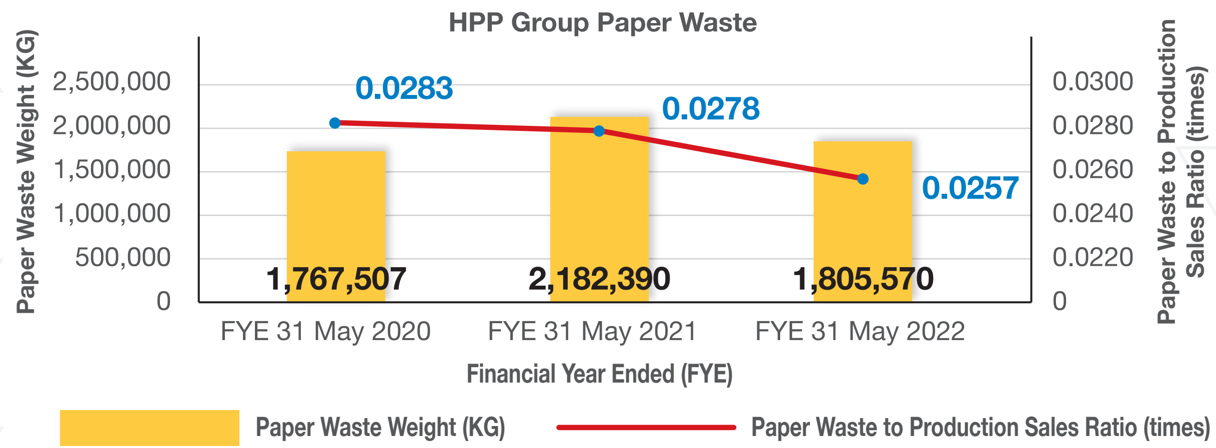
HPP Group strives to continuously work on managing the greenhouse emissions of its daily operations to ensure that emission levels remain reasonably low, and the utilisation of its resources remain optimal.

- **Waste Management**

HPP Group's printing and production activities generates certain waste such as paper waste, scheduled waste, alcohol and diesel. As part of our sustainability efforts, our Group has been closely monitoring the generation of such wastes in view of its production activities (i.e. usage per production output) and has been actively managing the effects arising therefrom.

Paper Waste

HPP Group currently collects paper waste from the pre-press process (i.e. paper cutting process) for recycling purposes. In facilitating the collection of paper waste, our Group has installed a waste paper baler machine whereby paper waste from the die-cutting machine will be channelled into the paper baler machine via a conveyor belt, to be compressed into compact blocks for ease of handling, transport and storage. The total weight of paper waste collected for recycling was as below:



Total	FYE 31 May 2020	FYE 31 May 2021	FYE 31 May 2022
Paper Waste Weight (KG)	1,767,507	2,182,390	1,805,570
Production Sales* (RM)	62,536,257	78,573,488	70,154,705
Paper Waste to Production Sales Ratio (times)	0.0283	0.0278	0.0257

** Total Sales generated from manufacturing operation which exclude trading*

The paper waste decreased from 2,182,390KG in FYE 31 May 2021 to 1,805,570KG in FYE 31 May 2022, which is in tandem with reduction in our Group's sales volume. Notwithstanding this, the paper waste to production sales ratio remained at 0.0257 times. HPP Group will continue to monitor the paper waste generated from its production activities.

Scheduled Waste

Our Group's printing and packaging production activities generate certain scheduled waste such as waste inks, contaminated rags, cloth, absorbents and contaminated containers which are classified under the following waste code:

Waste Code	Description
SW 409	Disposed containers bags or equipment contaminated with chemicals, pesticides, mineral oil or scheduled wastes
SW 410	Rags, plastics or filters contaminated with scheduled wastes
SW 417	Waste of inks, paints, pigments, lacquer, dye or vanish

Although the abovementioned scheduled waste is not hazardous in nature, HPP Group is committed to dedicating efforts to monitor the scheduled waste generated and in ensuring compliance with the Environmental Quality (Scheduled Wastes) Regulations 2005 that governs the handling, use, storage and disposal of scheduled waste.

Total of such scheduled waste generated by our Group was as follows:

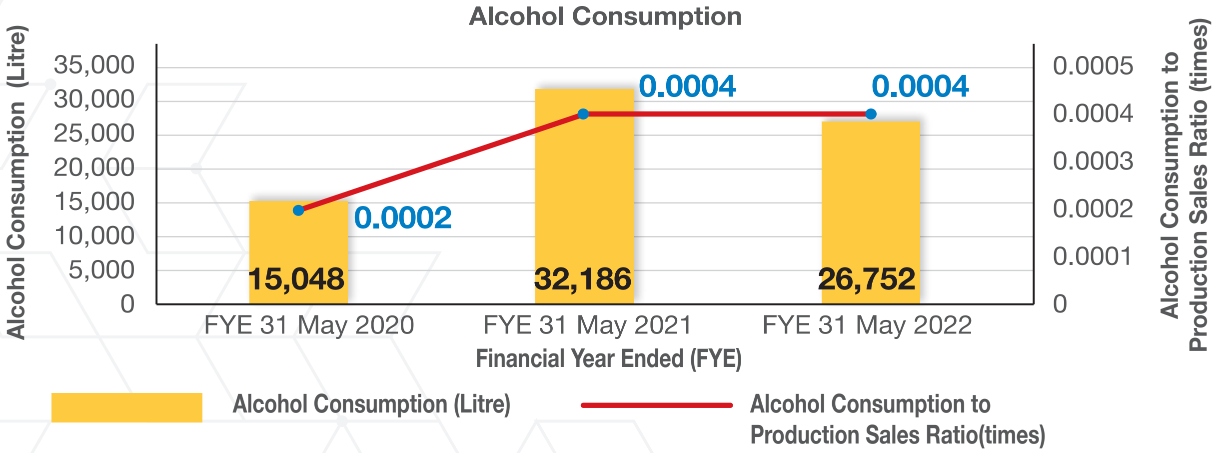
Total	SW 409	SW 410	SW 417
FYE 31 May 2020			
Weight (KG)	2,287	4,296	47,180
Production Sales* (RM)		62,536,257	
Scheduled Waste to Production Sales Ratio (times)	0.00004	0.00007	0.00075
FYE 31 May 2021			
Weight (KG)	1,599	3,959	76,078
Production Sales* (RM)		78,573,488	
Scheduled Waste to Production Sales Ratio (times)	0.00002	0.00005	0.00097
FYE 31 May 2022			
Weight (KG)	1,890	33,880	54,064
Production Sales* (RM)		70,154,705	
Scheduled Waste to Production Sales Ratio (times)	0.00003	0.00048	0.00077

* *Total Sales generated from manufacturing operation which exclude trading.*

Scheduled waste generation is relatively consistent in tandem with the sales volume variation, except for SW 417. Scheduled waste generation of SW 417 decreased to 54,064KG in FYE 31 May 2022 from 76,078KG in FYE 31 May 2021 after stabilisation of the two (2) newly acquired printing machines in FYE 31 May 2022.

Alcohol

Our Group's printing and packaging production activities require the use of alcohol. Alcohol that was consumed in the production process of our Group in FYE 31 May 2020, FYE 31 May 2021 and FYE 31 May 2022 was as below:



Total	FYE 31 May 2020	FYE 31 May 2021	FYE 31 May 2022
Alcohol Consumption (Litre)	15,048	32,186	26,752
Production Sales* (RM)	62,536,257	78,573,488	70,154,705
Alcohol Consumption to Production Sales Ratio (times)	0.0002	0.0004	0.0004

* *Total Sales generated from manufacturing operation which exclude trading*

Two (2) newly acquired printing machines that began operation in March 2020 and March 2021 respectively have resulted in an increased consumption of alcohol in FYE 31 May 2021. Thereafter, alcohol consumption was relatively consistent with sales volume at the ratio of 0.0004 times for both FYE 31 May 2021 and FYE 31 May 2022.

Diesel and Petrol

HPP Group uses diesel in its operations, especially in the transportation and delivery of its products. The diesel consumed by our Group in FYE 31 May 2020, FYE 31 May 2021 and FYE 31 May 2022 was as below:

Total	FYE 31 May 2020	FYE 31 May 2021	FYE 31 May 2022
Total Sales (RM)	101,203,371	106,681,920	85,762,950
Diesel (Litre)	133,067	144,886	153,058
Diesel (Litre) per Total Sales (RM)	0.0013	0.0014	0.0018

* *Total Sales generated from manufacturing operation which exclude trading.*

The diesel consumption increased from 144,886 litres in FYE 31 May 2021 to 153,058 litre in FYE 31 May 2022 (increased by approximately 6%) while the diesel consumption rate per total sales increased from RM0.0014 (FYE 31 May 2021) to RM0.0018 (FYE 31 May 2022).

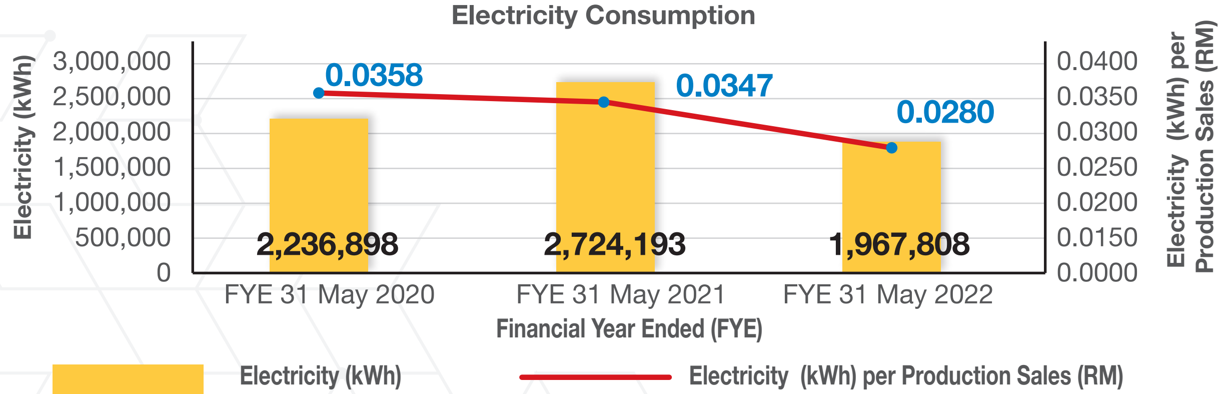
The increase in diesel consumption in FYE 31 May 2022 was mainly due to HPP Group's reduced reliance on outsource transporters as compared to FYE 31 May 2021. Although the diesel consumption rate has increased, outsourced transport charges have reduced from RM0.56 million in FYE 31 May 2021 to RM0.50 million in FYE 31 May 2022 (decreased by approximately 11%).

- **Resource Optimisation**

HPP Group continuously strives to ensure energy and resources are managed in an effective and efficient manner. There are two (2) subsidiary companies (Hayan Prints and Envy Premium) that run production processes which consume electricity and water in its operations. Consumption levels are different in each entity due to the different production processes, capacity and volume.

Electricity Consumption

Electricity consumption for Hayan Prints and Envy Premium was as below:



Total	FYE 31 May 2020	FYE 31 May 2021	FYE 31 May 2022
Production Sales* (RM)	62,536,257	78,573,488	70,154,705
Electricity (kWh)	2,236,898	2,724,193	1,967,808
Electricity (kWh) per Production Sales (RM)	0.0358	0.0347	0.0280

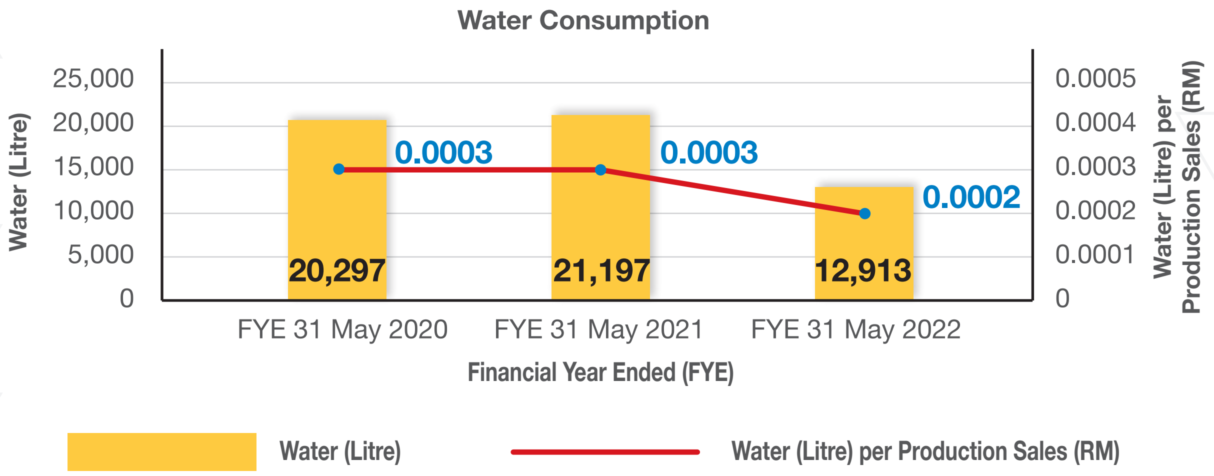
** Total Sales generated from manufacturing operation which exclude trading*

Three (3) solar panels were installed in Hayan Prints' factory since May 2021 with capacity of 340.34 kWp,160.16 kWp and 246.61 kWp respectively. Installation of the solar panels aimed to reduce our Group's carbon footprints.

The electricity consumption decreased from 2,724,193 kWh in FYE 31 May 2021 to 1,967,808 kWh (decreased by approximately 28%) in FYE 31 May 2022 while the electricity usage per sales generated has improved from RM0.0347 (FYE 31 May 2021) to RM0.0280 (FYE 31 May 2022).

Water Consumption

Water consumption for Hayan Prints and Envy Premium was as below:



Total	FYE 31 May 2020	FYE 31 May 2021	FYE 31 May 2022
Production Sales* (RM)	62,536,257	78,573,488	70,154,705
Water (Litre)	20,297	21,197	12,913
Water (Litre) per Production Sales (RM)	0.0003	0.0003	0.0002

** Total Sales generated from manufacturing operation which exclude trading*

Combined water consumption across Hayan Prints and Envy Premium decreased from 21,197 litres to 12,913 litres (decreased by approximately 39%) which move in tandem with the decrease in total production sales value. In addition, the reduction in water consumption was also due to the fixing of an underground water pipe leakage in one of our factories in May 2021. The water consumption per production sales generated has also reduced from RM0.0003 in FYE 31 May 2021 to RM0.0002 in FYE 31 May 2022.

- **Forest Stewardship Council® Certification**

  FSC® is a globally recognised certification system with million hectares of forestland certified under its forest conservation standards.

  HPP Group has established a FSC® Chain of Custody Management System Manual on 26 November 2021, after being awarded the FSC® certification on 7 June 2021.

  As part of the contribution towards the protection of forest, HPP Group always ensure that the information on origin and species is available when purchasing FSC - certified material. The same information is also available for HPP Group's customers when they purchase HPP Group's products.

  As at 31 May 2022, our Group has a total 7 suppliers with FSC® certification registered under Hayan Prints and Envy Premium for the supply of paperboard.

FSC FORESTS FOR ALL FOREVER

By buying FSC® - certified products you help take care of the world's forests
Look for our FSC® - certified products
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03

KEY PERFORMANCE INDICATOR

In the pursuit of HPP Group's sustainability aspirations, the following key performance indicators have been established in order to steer our Group towards its sustainability goals:

CONCLUSION

The above initiatives demonstrated HPP Group's commitment towards sustainability and for the betterment of the economy, environment and social aspects of the community it operates in. The journey towards attaining sustainable growth and long-term profitability begins with small steps such as ingraining the principles on sustainability into our Group's culture, value system and way of doing business. HPP Group remains optimistic that such small steps will eventually lead to the realisation of our Group's sustainability aspiration and success.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board is pleased to present the Corporate Governance ("**CG**") Overview Statement for the FYE 2022, which has been prepared in compliance with Rule 15.25 of the ACE Market Listing Requirements of Bursa Securities ("**Listing Requirements**") and has set out an overview on the application of the principles of CG as promulgated by the Malaysian Code on Corporate Governance issued in April 2021 ("**MCCG 2021**"). This CG Overview Statement should be read in conjunction with our Group's CG Report, which has set out details on how our Group has applied the practices as set out in MCCG 2021 and is available on our Group's website at www.hppholdings.com.

Our Group firmly believes that good CG is key towards the enhancement of shareholders value, the promotion of our Group's long-term value as well as the building of a sustainable business. To this end, our Board is steadfast towards maintaining high standards of CG within HPP Group and to uphold the principles of MCCG 2021 towards achieving the intended outcome as set out in MCCG 2021.

This CG Overview Statement provides a summary of the CG practices implemented by HPP Holdings during the financial year with reference to the three Principles of MCCG whilst explanations on how our Group has applied the practices promoted by MCCG 2021 are disclosed in the CG Report. Where there is a departure from a practice, explanations for the departure are provided in the CG Report with disclosure on the applicable alternative practice which HPP Holdings has adopted.

The Board is pleased to report that in FYE 2022, HPP Holdings has applied all the practices encapsulated in MCCG 2021, except for Practice 5.9 - the Board comprises at least 30% women directors. In line with the recommended CG practices of MCCG 2021, our Group has provided explanations for the departure, disclosed the alternative practice it has adopted and how the alternative practice achieves the intended outcome of Practice 5.9.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

The Board is responsible for maintaining high standards of CG throughout HPP Group for long-term sustainable business growth, and the protection and enhancement of shareholder's value. The Board takes primary responsibility in defining our Group's strategic objectives, business models and risk tolerance to achieve its long-term objectives.

The Board is guided by its Board Charter which outlines the duties and responsibilities of the Board and the delegation of day-to-day management to our Group. The Board Charter also defines the matters which specifically require the Board's approval or guidance. The Board Charter is reviewed from time to time and amended when there are changes to the MCCG 2021 and the Listing Requirements that may have an effect on the Board's responsibilities. The Board Charter is made available on our Group's website.

The Board is assisted by three (3) Board Committees, namely Audit and Risk Management Committee ("**ARMC**"), Nomination Committee ("**NC**") and Remuneration Committee ("**RC**"), which operate within their own Board-approved terms of reference ("**TOR**"). The TOR of the Board Committees are reviewed and updated regularly to ensure that the latest updates of MCCG 2021 and Listing Requirements are incorporated.

The Board is led by the Chairman, Mr. Lau Tee Tee @ Lau Kim Wah, to ensure the effective performance of the Board. The Board Chairman is primarily responsible for providing leadership to the Board, facilitating the orderly and constructive resolution of matters reserved for the Board, promoting CG and ensuring Board's effectiveness.

Our Group Managing Director ("**Group MD**"), Mr. Kok Hon Seng, is responsible for the day-to-day running of our Group's businesses and operations, and to implement the strategies and policies of the Board.

The Board ensures that the positions of Board Chairman and Group MD are held by different individuals. The roles and responsibilities of the Board Chairman and Group MD are clearly differentiated between the strategy and policy making process as well as daily management of our Group. This is to ensure clarity of responsibilities and accountability between two individuals such that no one individual has unfettered powers over decision making. Their roles and responsibilities are formally documented in the Board Charter of HPP Holdings.

Qualified and Competent Company Secretaries

The Board has appointed Company Secretaries to assist the Board and Board Committees with their respective administrative, governance and fiduciary responsibilities. The Company Secretaries are well-qualified chartered secretaries and possesses the requisite knowledge and experience to facilitate the Board in the discharge of their roles and responsibilities.

All directors have unrestricted access to the information relevant for the furtherance of their duties and responsibilities as well as to the services and advice of the Company Secretaries. Notice of Board meetings were issued to the Board members at least five (5) working days prior to the convening of meetings. The Company Secretaries are also responsible for recording minutes of each Board and Board Committees meetings, and such minutes are circulated for the review of the Board and Board Committees subsequent to each meeting.

A record on the directors' attendance at Board meetings held during FYE 2022 is set out below:

Directors	*Designation*	*Board Meeting*
Lau Tee Tee @ Lau Kim Wah	Non-Independent Non-Executive Chairman	5/5
Kok Hon Seng	Executive Director / Group Managing Director	5/5
Ng Soh Hoon	Executive Director / Procurement Director	4/5
Philip Goh Teck Siang	Independent Non-Executive Director	5/5
Choo Chee Beng	Independent Non-Executive Director	5/5
Lee Chong Leng	Independent Non-Executive Director	5/5

All directors have complied with the minimum 50% attendance requirement in respect of Board meetings under the Listing Requirements. Our Board is confident that our directors are able to discharge their roles and responsibilities as directors in an effective manner with the time commitment devoted by them.

Code of Conduct and Ethics

Our Group has adopted the Code of Conduct and Ethics to guide all employees and to assist in cultivating corporate accountability at each individual level in order to ensure ethical corporate environment can flourish and enable our Group to consistently reach high standards of integrity, CG and professionalism.

Our Group has developed Anti-Bribery and Anti-Corruption Policy to ensure our Group conducts its business with high standards of integrity and ethics as well as in inculcating good CG practices and accountability in its businesses and operations.

Whistleblowing

The Board has implemented a Whistleblowing Policy to enable employees and external stakeholders to bring to the attention of the ARMC any alleged improper conduct committed or corruption committed within our Group. The Whistleblowing Policy defines the procedures for dealing with any complaints lodged by a whistleblower. The ARMC is assisting the Board by investigating complaints of alleged corruption or misconduct received on an independent and confidential basis, and to take the relevant necessary actions, where required.

Governance of Sustainability

One of the key responsibilities of the Board under the Board Charter is to direct and supervise sustainability management aspects of our Group, and to review and adopt a strategic plan for the long-term value creation, including formulation of strategy on economic, environment and social considerations. To this end, the Board regularly evaluate economic, environmental and social issues, and understand the sustainability challenges that may influence or affect our Group's business operation, as well as to ensure our Group's strategies promote sustainability.

The Board has worked to build sustainability into an essential element of our Group's corporate culture and business decision making process, striving for transparent business practices that are based on ethical values and with respect for the community, its employees, the environment, its shareholders and other stakeholders. Detailed description of our Group's stakeholder groups, engagements and targets in relation to the sustainability challenges are as set out in our Group's Sustainability Statement of this Annual Report.

II. Board Composition

The Board has six (6) members, comprising a Non-Independent Non-Executive Chairman, three (3) Independent Non-Executive Directors ("**INEDs**") and two (2) Executive Directors. The profiles of each Board member are set out in the Directors' Profile section of this Annual Report.

The Board believes that the diverse backgrounds and the experiences of each Board member provide an appropriate balance in terms of skills, qualifications, knowledge and expertise for effective stewardship and management of our Group. The size and composition of the Board are reviewed annually by the NC so as to ensure that the size of the Board is conducive for effective decision making and the discharge of the Board's fiduciary responsibilities.

The NC comprises exclusively of three (3) INEDs. The NC had met once during FYE 2022 and the attendance of NC members are as follow:

Directors	*Designation*	*NC Meeting*
Lee Chong Leng	Chairman, INED	1/1
Choo Chee Beng	Members, INED	1/1
Philip Goh Teck Siang	Members, INED	1/1

The NC also reviews and recommends to the Board the candidates for re-election as directors to the Board at the general meeting with due consideration on the extent of each director's contribution, expertise, skills, knowledge and experience as well as the roles undertaken on the various Board Committees.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

During the FYE 2022, the following activities were undertaken by the NC:

(A) Discussed on the succession planning of our Key Senior Management.
(B) Performed an assessment on:
- Effectiveness of the Board as a whole and Board Committees and the contribution of each Director;
- The mix of skills, knowledge, expertise and experience, composition and size of the Board in terms of gender, ethnicity and age;
- Independence of Independent Directors based on the criteria of independence as set out in the Listing Requirements;
- Character, experience, integrity, competence and time commitment of Directors; and
- Terms of office and performance of the ARMC and each of its members.

(C) Reviewed and recommended to the Board the re-election of Directors at Third Annual General Meeting ("**AGM**") of the Company pursuant to the Companies Act 2016 and the Company's Constitution.
(D) Reviewed and recommended to the Board the revisions in TOR of the NC and Gender Diversity Policy.

Board Independence

The Board is mindful of the importance of independence and objectivity in its decision-making process which is in line with good CG. Therefore, our Group has maintained that half of its Board consist of INEDs. If the Board intends to retain INEDs who have served consecutively or cumulatively more than nine (9) years, it should be subjected to annual assessment by the NC and annual shareholders' approval through a two-tier voting process in a general meeting. The Board shall provide justification on the recommendation to the shareholders for their informed decision making.

Board Diversity

Our Group endeavours to have a balanced representation after taking into consideration of the required mix of skills, age, gender, ethnicity, background and experiences amongst its directors, officers and employees. Although the Board has only one (1) female director, representing 17% of the Board composition, the Board acknowledges the importance of boardroom diversity and take cognisance of the recommendations of the MCCG 2021 to have 30% women representation in the Board.

The Board supports the initiative to include woman representation in the Board and has adopted a Gender Diversity Policy. Henceforth, suitably qualified female candidates who can contribute to the Board will be considered for appointment in the event of any vacancy for directorship arises or when a decision is made to increase the size of the Board.

Board Effectiveness

The Board is aware of the importance of evaluating the effectiveness of individual directors, the Board as a whole and its Board Committees. During the financial year under review, the Board is assisted by the NC to perform annual assessment, where the assessment results and comments by the NC are summarised and discussed at the NC meeting and subsequently reported to the Board. Based on results of the annual assessment, the NC is satisfied with the existing Board's composition and concluded that each director has the requisite competence to serve on the Board and had sufficiently demonstrated their commitment to our Group.

Professional Development of Directors

All directors have completed the Mandatory Accreditation Programme. Our directors will continue to identify and attend appropriate seminars, conferences and courses to keep abreast of changes in market, legislations and regulations affecting our Group. Our directors are also committed to continue to undergo other relevant training programmes and seminars, whether in-house or external, to keep abreast with the latest developments of the business environment and further enhance their skills and knowledge.

During the financial year under review, our directors have attended various training programmes and seminars, amongst others, the following:

(A) Transfer and transmission of shares: Law & procedures
(B) Beneficial Ownership - requirements and disclosures
(C) Post Budget 2022
(D) MIA Public Programme 2021
(E) Key Compliance Issues on Annual Returns, Accounts, Audit and AGM
(F) Workshop on Real Property Gains Tax ("**RPGT**")
(G) The Sustainability Accelerator
(H) Securities Commission Malaysia's Guidelines ("**SC**") on The Conduct of Directors of Listed Corporation and Their Subsidiaries
(I) SC's Audit Oversight Board Conversation with Audit Committees
(J) Task Force on Climate-related Financial Disclosures Climate Disclosure Training Programme

III. Remuneration

Remuneration Committee ("RC")

The RC, consist exclusively of three (3) INEDs, assists the Board on matters relating to the development, establishment, review and revision as well as implementation of policies and procedures on remuneration of Directors and Key Senior Management. The RC had met twice during FYE 2022 and the attendance of RC members at RC meetings are as follows:

Directors	*Designation*	*RC Meeting*
Choo Chee Beng	Chairman, INED	2/2
Lee Chong Leng	Members, INED	2/2
Philip Goh Teck Siang	Members, INED	2/2

The RC is responsible for recommending and advising the Board on the remuneration packages of Executive Directors, Non-Executive Directors and Key Senior Management in a transparent and fair manner, in accordance with the guidelines as stipulated in the Remuneration Policy. Nevertheless, the ultimate responsibility to approve the remuneration of all Directors and Key Senior Management resides with the Board. The fees and allowance payable to the Executive Directors and Non-Executive Directors are subject to the approval of shareholders at the AGM of HPP Holdings.

Details of the Directors' remuneration for the FYE 2022 are disclosed in the CG Report which is available in our Group's website at www.hppholdings.com.

PRINCIPLE B:
EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit and Risk Management Committee

The Board has established an ARMC to assist and support the Board in fulfilling its statutory and fiduciary responsibilities relating to areas of financial reporting, risk management and internal controls, external and internal audit functions, review of related party transaction, governance and matters that impact the affairs of our Group's and Company's businesses and financial conditions.

The ARMC is chaired by Mr. Philip Goh Teck Siang, who is an INED and is not the Chairman of the Board ensuring that the objectivity of the Board's review of the ARMC's findings and recommendations remain intact. Remaining members of the ARMC are INEDs. The authority and responsibilities of the ARMC are set out in its TOR. The ARMC has direct access to Management, the external auditors and the internal audit function of our Group. The authority, duties and responsibilities of the ARMC and the summary of works carried out to discharge its duties for FYE 2022 are detailed in the ARMC Report of this Annual Report.

II. Risk Management and Internal Control Framework

The Board acknowledges its responsibility in ensuring that the Group maintains a sound risk management and internal control systems in identifying, managing and monitoring the significant risk exposures of the Group's businesses and its operations.

The Board has delegated the overall responsibility for reviewing and monitoring the adequacy and integrity of our Group's risk management and internal control systems to the ARMC. The regular assessments on the adequacy and integrity of internal controls and monitoring of compliance with policies and procedures are carried out through internal audit reviews undertaken by independent professional service providers. The findings of the internal audits as well as corrective and preventive measures for the issues highlighted were duly presented in the ARMC meeting.

Details of the risk management and internal control systems of our Group and the Company are set out in the Statement on Risk Management and Internal Control of this Annual Report.

PRINCIPLE C:
INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. Engagement with Stakeholders

Stakeholders are defined as individuals or groups that have a significant impact on the business or those whose actions could affect the Group's and the Company's ability to create value. HPP Holdings recognises its accountability to stakeholders and believes in effective engagement with its shareholders and stakeholders on a regular basis with a view to promote effective communication of its business performances.

To ensure that the Group's communication with shareholders and various stakeholders are transparent, timely and with quality disclosures, the Group has established a dedicated section on the Group's website for the disclosure of the relevant corporate information including the Group's announcements, financial information, annual reports, quarterly financial results, share prices, the Group's performances and activities. The said website is the key communication channel for the Group and it provides relevant information and contact details to address any queries arising for its shareholders and other stakeholders.

II. Conduct of General Meetings

The Board understands its roles and responsibilities with regard to the AGM, and is aware that AGM serves as a forum for our Group to engage with its shareholders and to facilitate two-way communication between shareholders and the Board. The Third AGM of HPP Holdings was conducted on 29 October 2021, and the notice for the AGM was issued to shareholders more than 28 days prior to the date of Third AGM. The purpose of such was to ensure sufficient time and notice were given to shareholders to consider the proposed resolutions and make informed decisions when exercising their voting rights. The notice of Third AGM was also made available on our Group's website.

All directors had attended the Third AGM. The Chairman of the ARMC, RC and NC were present in the Third AGM to facilitate discussions and address any questions shareholders had on matters that fall under the purview of the respective Board Committees. The Board had given sufficient time to shareholders to raise issues pertaining to the affairs of our Group and adequate responses were given by the Board Chairman and the relevant directors and Key Senior Management.

Our Group had leveraged on technology to facilitate electronic voting for the conduct of poll on all resolutions and our Group had also enabled remote shareholders' participation. Voting of all resolutions were conducted via online polling. Boardroom Share Registrars Sdn. Bhd. acted as the Poll Administrator and Sky Corporate Services Sdn. Bhd. acted as the independent scrutineer to verify the poll results.

INITIATIVES IN FINANCIAL YEAR ENDED 2023

The Board is committed to enhance its governance practices and processes in identified key focus areas across the Company, and our Group as part of its future strategies in enhancing shareholder value. One of the key focus areas that has been identified is the aspect on Board's gender diversity.

The Board is cognisant of the importance of good CG practices and in this regard, strives to ensure adequate attention is paid to practices that have yet to be adopted by our Group so as to ensure that the intended outcomes of MCCG 2021 are achieved, after taking into consideration the current business environment, culture and needs of HPP Holdings. Whilst there is departure by our Group from certain practices advocated by MCCG 2021, the Board is satisfied that the CG processes and practices of our Group are in line with the intended outcomes of MCCG 2021. Hence, the Board is of the view that our Group has, in all material aspects, satisfactorily applied the practices that support the principles set out in MCCG 2021.

This CG Overview Statement was approved by the Board on 30 August 2022.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

Our Board is pleased to present the ARMC report for the FYE 31 May 2022.

01 COMPOSITION

The ARMC comprises three (3) members, all of whom are INEDs. The current composition of ARMC is as follows:

Name of Members	*Position*	*Directorship*
Philip Goh Teck Siang	**Chairman**	**INED**
Choo Chee Beng	**Member**	**INED**
Lee Chong Leng	**Member**	**INED**

The following best practices of the MCCG 2021 have been adopted by the ARMC:

- The Chairman of the Board is not a member of the ARMC pursuant to Practice 1.4;
- The Chairman of the ARMC is also not the Chairman of the Board pursuant to Practice 9.1; and
- The ARMC comprises solely of Independent Directors pursuant to Step Up Practice 9.4.

All members of ARMC are members of the Malaysian Institute of Accountants and none of them is alternate directors. With the above composition and professional memberships obtained, the ARMC has met the requirements of Rules 15.09 and 15.10 of the Listing Requirements.

02 ATTENDANCE OF MEETINGS

The ARMC held five (5) meetings during the FYE 31 May 2022 and the attendance of the members at the ARMC meetings is as follows:

Name of Members	No. of meetings attended
Philip Goh Teck Siang	**5/5**
Choo Chee Beng	**5/5**
Lee Chong Leng	**5/5**

Our Group's External Auditors, Outsourced Internal Auditors and Key Senior Management (where applicable) have attended the above ARMC meetings at the invitation of the ARMC.

The Company Secretary is the Secretary of the ARMC and is responsible, together with the Chairman of ARMC, to take minutes of the meetings, issue and circulate the agenda, supported by relevant meeting papers prior to each meeting. The Company Secretary had attended all the meetings during the financial year.

The ARMC has also met with the External Auditors and Outsourced Internal Auditors on separate sessions, without the presence of Executive Directors and Key Senior Management.

03

TERMS OF REFERENCE

Detailed TOR of the ARMC is available on our Company's website at www.hppholdings.com.

04

SUMMARY OF ACTIVITIES

During the FYE 31 May 2022, the ARMC, in discharging its duties and functions, carried out the following activities:

I. Financial Reporting

- Reviewed the unaudited financial results of our Group for the quarters ended 31 May 2021, 31 August 2021, 30 November 2021 and 28 February 2022 prior to presentation to our Board for their consideration and approval; and discussed the following matters highlighted by the External Auditors:
  - Significant accounting and audit matters involving credit, taxation and impairment related matters; and
  - Financial reporting and disclosures' requirements in accordance with the applicable accounting standards.
- Reviewed and discussed our Group's audited consolidated financial statements for FYE 31 May 2021 together with the External Auditors, before recommending the same to the Board for their approval and inclusion in the Annual Report 2021.

II. Internal Audit

- Received and reviewed a total of three (3) internal audit reports, covering various aspects, functions and processes within our Group, which were tabled during the ARMC meetings.
- Evaluated and approved the risk based internal audit plan submitted by the Outsourced Internal Auditors to ensure adequate coverage over the key business activities of our Group.
- Reviewed and discussed the implementation actions taken by the management in response to the audit recommendations raised in the internal audit reports to ensure appropriate and prompt remedial actions were taken, and that identified control lapses were properly addressed.
- Discussed with the Outsourced Internal Auditors, without the presence of Executive Directors and Key Senior Management, on key audit concerns and findings of our Group.
- Reviewed the adequacy of the scope, functions, competency and resources of the internal audit function.

III. External Audit

- Reviewed the External Auditors' audit planning memorandum for the FYE 31 May 2022, outlining the auditors' responsibility, audit coverage and approach, area of audit emphasis, financial reporting standards adopted and proposed fees for the statutory audit and other ancillary work.
- Discussed the audit results of the External Auditors, which include significant accounting and auditing issues, quantitative aspect of accounting policies and management's assistance extended to the audit.
- Assessed the suitability, performance and effectiveness of the External Auditors, by evaluating, among others, their independence and objectivity, terms of engagement, supervisory ability, professional scepticism, technical knowledge and skills, experience and expertise, communication and interaction, capability and competency of engagement team and resources assigned to our Group prior to recommending their re-appointment to the Board for consideration.
- Discussed with the External Auditors, without the presence of Executive Directors and Key Senior Management, on key audit concerns and findings of our Group.

IV. Related Party Transaction ("RPT")

- Reviewed the Recurrent Related Party Transactions ("**RRPT**") and possible conflict of interest situations that may arise within our Group including any transactions, procedure or course of conduct that may give rise to questions on management integrity and to ensure that the transactions were at arm's length basis and normal commercial terms and on terms not more favourable to the related parties than those generally available to the public. The ARMC had ensured that our Company is in compliance with the Listing Requirements and Companies Act 2016, and these related party transactions are not detrimental to the minority shareholders.

  During the financial year under review, the ARMC did not detect any RPT / RRPT that warrants specific disclosure.

V. Risk Management and Internal Control Management

- Considered the significant risk profile of our Group and assessed the adequacy of its risk management system.
- Overseen and approved the establishment of a Risk Management Working Group to assist the Board and ARMC on risk-related matters, further details are set out in the Statement on Risk Management and Internal Control of this Annual Report.

VI. Other Matters

- Reviewed and recommended the final single-tier dividend in respect of the FYE 31 May 2021 to our Board for consideration.
- Reviewed and recommended the revised TOR of ARMC, External Auditors Assessment Policy and Whistleblowing Policy to the Board for approval.
- Reviewed and recommended to the Board the following reports / statements for approval and inclusion into the Company's Annual Report 2021:
  - Management Discussion and Analysis;
  - CG Overview Statement;
  - CG Report;
  - ARMC Report;
  - Statement on Risk Management and Internal Control; and
  - Sustainability Statement.
- Reviewed and recommended the declaration of first single-tier interim dividend in respect of the FYE 31 May 2022 to our Board for approval.
- Reviewed Anti-Bribery and Anti-Corruption Policies and Procedures, Corruption Risk Assessment, Anti-Corruption Framework (compliance and monitoring), Anti-Corruption Training and Communication and compliances pursuant to Section 17A of Malaysian Anti-Corruption Commission Act 2009 and the Guidelines on Adequate Procedures of our Group, and recommended the same to our Board for approval.
- Reviewed and recommended the Limit of Authority to the Board for approval.
- Reviewed and verified the allocation of options pursuant to the Employees' Share Option Scheme ("**ESOS**") for FYE 2022 and satisfied that it is in compliance with the criteria set out in the By-Laws and provision of the ESOS.

05

Internal Audit Function

Our Company has outsourced its internal audit function to an independent professional services provider, Resolve IR Sdn. Bhd. ("**Resolve**"). Resolve is a corporate member of The Institute of Internal Auditors Malaysia. The internal audit team is led by the Chief Audit Executive as well as one (1) engagement director and two (2) engagement managers, who are professionally qualified and experienced to lead the outsourced internal audit function. The profile of Chief Audit Executive is disclosed as follows:

Name	*Qualification & Accreditation*
Choo Seng Choon	• Fellow Chartered Certified Accountant, UK
Chief Audit Executive	• Certified Internal Auditor and Chartered Member of the Institute of Internal Auditors

Internal audit function is essential in ensuring an independent and objective assessment of the effectiveness of our Group's risk management and internal control systems and is an integral part of the risk management process. The outsourced internal audit function reports directly to the ARMC and assists the ARMC in providing an independent assessment of the adequacy, efficiency and effectiveness of our Group's risk management and internal control systems.

The Outsourced Internal Auditors carry out internal audit reviews based on the annual audit plan approved by the ARMC to assess the adequacy and integrity of the system of internal control as established by the management, so as to provide reasonable assurance that:

- the internal control system continues to operate satisfactorily and effectively;
- assets and resources are safeguarded;
- integrity of records and information is protected;
- internal policies, procedures and standards are adhered to; and
- applicable rules and regulations are complied with.

During the FYE 31 May 2022, the Outsourced Internal Auditors had carried out the following activities:

- Prepared and presented the annual internal audit plan for the ARMC's approval;
- Reviewed Human Resources Management, Financial Statement Close Processes, Production and Procurement and Group Risk Assessment in accordance with the approved internal audit plan;
- Conducted a follow-up audit review on the following internal audit reports:
  - Internal Audit Report dated 16 April 2021 on Anti-Corruption and Corporate Disclosure and Compliance Processes;
  - Internal Audit Report dated 15 October 2021 on Human Resource Management and Financial Statement Close Process; and
  - Internal Audit Report dated 17 January 2022 on Production and Procurement;
- Presented internal audit results with highlights on key deficiencies and provided appropriate recommendations for improvement together with responses from management to the ARMC.

The total costs incurred for the outsourced internal audit function as per audit plan was RM83,221 and additional services RM21,839 in the FYE 31 May 2022. The additional services were remuneration review and benchmarking analysis and sustainability reporting services.

Further details on the outsourced internal audit function are set out in the Statement on Risk Management and Internal Control on page 60 of this Annual Report.

06

External Auditors

Key audit matters raised by the External Auditors were deliberated and the ARMC reviewed and agreed with the management's treatment and control measures implemented to provide the necessary safeguard for reporting integrity. The ARMC is pleased to report that there were no significant matters of disagreement that arose between the External Auditors and the management. The ARMC also reviewed all non-audit services performed by the External Auditors in order to ensure the independence and objectivity of the External Auditors. The total fee for non-audit services performed by the External Auditors during FYE 31 May 2022 was less than 5% of the Group's total audit fees.

07

Risk Management

The ARMC is also tasked to assist our Board in overseeing our Company's and its subsidiaries' risk management framework and policies. During the financial year, the ARMC reviewed the risk management processes to ensure that all necessary risk mitigation measures to address the critical risk areas have been or were being put in place. The ARMC also reviewed the adequacy and effectiveness of the internal control system to ensure, amongst others, that the assets of our Group are safeguarded, reliability of financial reporting and compliance with applicable laws and regulations.

This report was reviewed by the ARMC and approved by our Board on 26 August 2022.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

01

INTRODUCTION

This Statement on Risk Management and Internal Control (“**Statement**”) by our Board is made pursuant to Rule 15.26(b) of the Listing Requirements and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“**the Guidelines**”) and the MCCG 2021.

This Statement outlines the nature and scope of risk management and internal control of our Group for the FYE 31 May 2022 up to the date of approval of this Statement and covers all operations of our Group.

02

BOARD’S RESPONSIBILITY

Our Board affirms its overall responsibility for our Group's system of internal controls, which includes the establishment of an appropriate risk and internal control framework and for reviewing its effectiveness, adequacy and integrity. It should be noted, however, that such systems are designed to manage and minimise rather than to eliminate the risk of failure to achieve business objectives. In addition, it should be noted that these systems can only provide reasonable but not absolute assurance against material misstatement or loss.

An ongoing process has been instituted for identifying, evaluating and managing the significant risks faced by our Group in achieving its objectives and strategies. In establishing and reviewing the risk management and internal control system, our Board has considered the materiality of the relevant risks, the probability of the losses being incurred and the associated cost of control. The process has been in place during the financial year up to the date of approval of the Annual Report.

Our Board is assisted by the ARMC in evaluating, assessing and reviewing the adequacy of our Group’s system of risk management and internal control.

The key features of the risk management and internal control system are described below:

I. Risk Management And Internal Control System

(A) Risk Management Framework

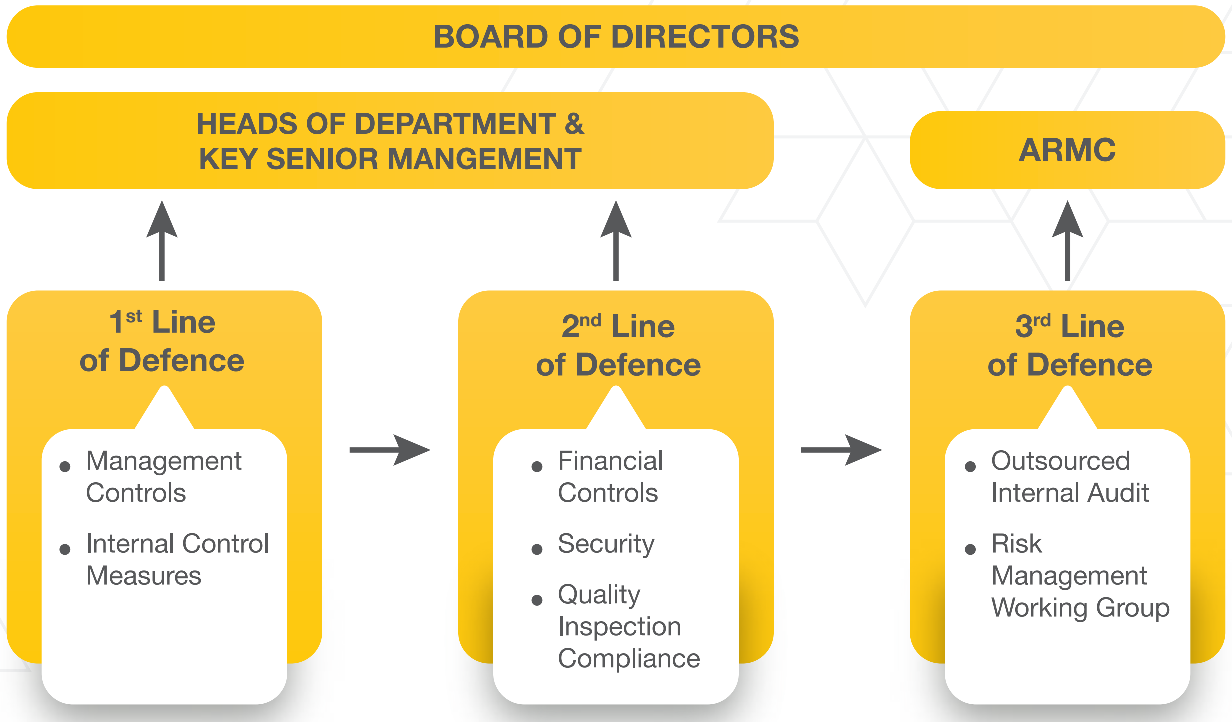
Our Group has established an Enterprise Risk Management (“**ERM**”) framework that facilitates a structured approach towards risk management. Our Group’s ERM framework comprises two (2) broad components, namely governance structure and risk management processes.

(B) Governance Structure

Our Group has adopted the “Three Lines of Defence” model where our Group’s risk management and reporting structure are well defined. Clear lines of responsibilities and accountabilities are set out for the ownership, supervision and assurance of risk. The “Three Lines of Defence” of our Group are described below:

- The first line of defence: Function that owns and manages risk (Heads of Department);
- The second line of defence: Function that oversees or specialises in risk management and compliance Key Senior Management; and
- The third line of defence: Function that provides independent assurance (ARMC is assisted by the risk management working group and outsourced internal audit function).

Our Group’s risk management reporting structure is illustrated below:



Our Group had on 21 April 2022 formed a Risk Management Working Group (“**RMWG**”) to further strengthen the management and oversight of risk management function within our Group. The members are nominated employees from various departments within our Group (i.e. Executive Directors and Heads of Department). The positions of Chairman and Competent Personnel of RMWG are assumed by our Group Managing Director and Chief Operating Officer II respectively.

The roles and responsibilities of the RMWG are as follows:

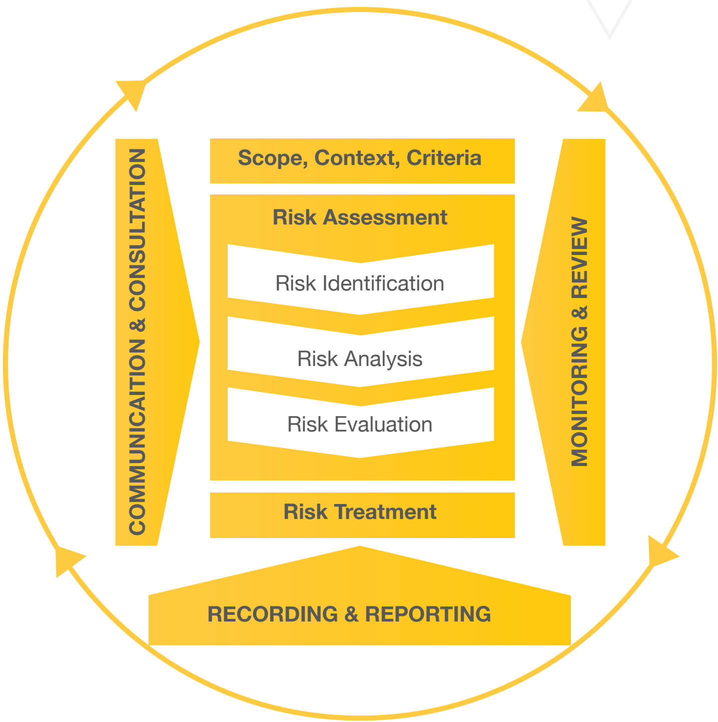
- Propose the risk management improvement and sustainability targets to our ARMC for approval.
- Implement the risk management process which includes the identification of key risks and devising appropriate action plan in cases where existing controls are ineffective, inadequate or non-existence.
- Point of communication among the relevant stakeholders on management of the identified risks.
- Ensure that risk strategies adopted are aligned with our Group’s strategies and risk management improvement target.
- Review and update the Key Risk Registers of our Group for changes in internal business processes, business strategies or external environment and to determine management action plan.
- Update our Board, through the ARMC, on changes made to the Key Risk Registers on a periodic basis or as and when required (i.e. where there is significant change to the internal business processes, business strategies or external environment) and the course of action to be taken by management in managing the changes.

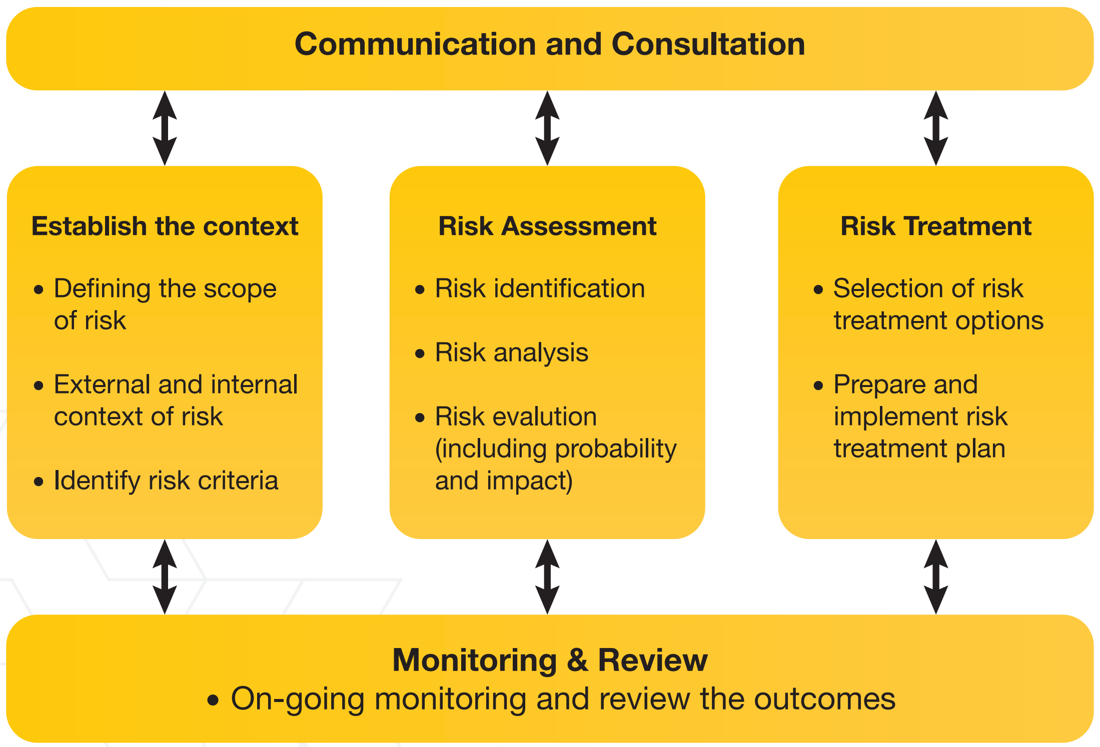
During the financial year, the RMWG has held its “kick off” meeting. The RMWG will hold at least 2 meetings annually in accordance with its TOR.

II. Risk Management Processes

Structured processes have been established for the identification, assessment, communication, monitoring as well as regular review of risks and the effectiveness of the corresponding risk mitigation strategies.

The ERM Framework is based on the global risk management standard, ISO 31000:2018 – principles and guidelines which articulates the risk policy, risk tolerance levels, standardised classifications and categories of risks and the risk review process. The risk management processes are embedded into the day-to-day management processes and applied in decision-making and strategic planning. Our Group's risk management processes are illustrated below:





In line with the ERM Framework, our Board, facilitated by an outsourced professional service firm, had reassessed the risks faced by our Group and updated the Group Risk Assessment in March 2022.

Our Group Risk Assessment ("**RA**") was undertaken to identify and access the risks that matter to our Group i.e. significant risks that may affect the achievement of the business objectives of HPP Holdings as a group. The specific objectives of our Group RA are mainly to:

- Identify significant risks that may affect the achievement of our Group's business objectives.
- Rate the significant risks of our Group's businesses after considering the existing controls and current risk management system and activities.
- Ascertain the significant risk profile of our Group.
- Determine if the significant risks identified require further attention or treatment.

The key elements of RA are as follows:

- Identify significant risks associated with HPP Holdings' business goal, based on a list of resources of risks.
- Identify the existing controls that manage the identified risks.
- Confirm the ownership and time lines for managing and monitoring the identified significant risks.
- Rate the identified significant risks in terms of likelihood of occurrence and the resulting impact on the organisation. The rating takes into account the effectiveness of existing controls put in place to manage the said risks.
- Decide on the risk treatment and develop risk response to manage the significant risks.
- Continuous monitoring to ensure compliance and update HPP Holdings' existing significant risk profile.

All identified significant risks were rated and prioritised in terms of likelihood of the risk occurring and its impact should the said risk occurs. The risk ratings had taken into consideration the perception of the Key Senior Management and Heads of Department on the adequacy of existing internal controls put in place to mitigate the significant risks identified.

The RA covered the following business area:

- Corporate Governance
- Financial
- Customers
- Suppliers
- Human Capital
- Regulatory
- Legal
- Operations
- External factors beyond our control

The RA and evaluation considered potential risks that may affect our Group after taking into account the following perspectives:

- Strategic risk impact
- Operational risk impact
- Compliance risk impact
- Financial impact

The results of the RA were used by the outsourced internal auditors in mapping key risks relevant to the key business processes of concern and incorporated into the annual internal audit plan approved by the ARMC for the year.

The above process has been practiced by our Group for the financial year under review and up to the date of approval of this Statement.

III. Internal Controls

Our Board receives and reviews regular reports from the management relating to key financial data, performance indicators and regulatory matters. This is to ensure that matters that require our Board and Key Senior Management's attention are highlighted for review, deliberation and decision on a timely basis. Our Board approves appropriate responses or amendments to our Group's policies. Besides, the financial results of our Group are reported quarterly and any significant fluctuations are analysed and acted on in a timely manner. Our Group Managing Director also highlights for our Board's attention any significant issues related to the business operations, which may arise during his meetings with the Heads of Department.

Further independent assurance is provided by the ARMC. The ARMC, assisted by the Outsourced Internal Auditors, reviews internal control matters and updates our Board on significant control gaps for our Board's attention and action.

IV. Internal Audit Function

Our Board recognises the importance of the internal audit function and has outsourced the internal audit function to a professional service firm, as part of its efforts in ensuring that our Group's system of internal controls is adequate and effective. The internal audit activities of our Group are carried out in accordance with the annual audit plan approved by the ARMC.

The outsourced internal audit function adopts a risk-based approach and prepares its audit plans based on risk profile of our Group and significant risks identified. The internal audit provides an assessment of the adequacy and integrity of our Group's system of internal controls, and provides recommendations, if any, for the improvement of the control policies and procedures. The results of the internal audit assessments are reported quarterly to the ARMC.

The internal audit reports are reviewed by the ARMC and forwarded to the Key Senior Management so that any recommended corrective actions are implemented. The Key Senior Management is responsible in ensuring necessary corrective actions on reported weaknesses are taken within the required time frame.

During the FYE 31 May 2022 and up to the date of this Statement, the Outsourced Internal Auditors had conducted internal audit reviews on the following areas in accordance with the approved internal audit plan:

- Human Resources Management
- Financial Statement Close Processes
- Production
- Procurement
- Group RA
- Corporate Governance Compliance Review

All findings, including internal control weaknesses, recommendations for improvement, and corrective actions to be implemented by the Key Senior Management, have been reported to the ARMC and our Board. The implementation of corrective actions by the Key Senior Management is monitored by the ARMC during its quarterly meetings.

The total costs incurred for the outsourced internal audit function in FYE 31 May 2022 as per the audit plan was RM83,221 with another RM21,839 incurred for additional services. The additional services were on remuneration review and benchmarking analysis for directors and Key Senior Management , and sustainability reporting.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

V. Internal Control Framework

The key elements of our Group's internal control framework are described below:

(A) Long Term Sustainability

Our Group is committed towards value creation for long-term sustainability for its stakeholders. To this end, our Group has embedded practices that focus on building sustainability throughout our Group's business operations.

(B) Good Corporate Governance

Our Group firmly believes that good corporate governance is key towards the enhancement of shareholder value, the promotion of Group's long-term value as well as building a sustainable business. To this end, our Board is steadfast towards maintaining high standards of corporate governance within HPP Group and to uphold the Principles of MCCG 2021 towards achieving the intended outcomes as set out in MCCG 2021.

(C) Integrity and Ethical Values

Our Board believes ethical corporate culture begins from the top whereby the control environment sets the tone for our Group by providing fundamental discipline and structure.

In order to encourage our employees to understand our Group's effort in promoting integrity and ethical value, our Group has formalised the same in the Employees Handbook.

(D) Code of Conduct and Ethics

Our Board has set the tone at the top for corporate behaviour and corporate governance. All our employees shall adhere to the Code of Conduct and Ethics of our Group which sets out the principles and standard to guide employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity when dealing within our Group and with external parties.

(E) Anti-Bribery and Anti-Corruption Policy

Our Group is committed towards upholding high corporate governance standards and to this end, our Group has appropriate Anti-Corruption policies and procedures pursuant to subsection (5) of Section 17A of Malaysian Anti-Corruption Commission Act 2009 ("**MACC Act 2009**"), as provided in section 4 of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 ("**MACC Amendment Act 2018**"). These policies and procedures govern our Group's conduct in providing charitable contributions, political contributions or receiving / offering gifts, hospitality and promotional expenses in a transparent manner as a demonstration on our Group's rejection on all forms of corruption. Our Group has also implemented effective management systems to counter bribery and corruptions.

As at date of this report, our Group has formed an Anti-Bribery and Anti-Corruption Working Group ("**ABCWG**"). The positions of Chairman and Competent Personnel of ABCWG are assumed by our Group Managing Director and Chief Financial Officer respectively. The roles and responsibilities of ABCWG are to, among others, oversee and update the anti-corruption policies, conduct corruption risk assessment, adopt an anti-corruption framework and implement an anti-corruption compliance programme for our Group.

(F) Whistleblowing Policy And Procedure

The Whistleblowing Policy and procedure provides an avenue for stakeholders of our Group to raise concerns related to possible breach of business conduct, non-compliance with laws and regulatory requirements as well as other malpractices. The Whistleblowing Policy and procedure sets out the protection accorded to whistleblowers who disclose such irregularities in good faith.

(G) Clear Organisational Structure and Responsibility

There is a clear organisational structure with well-defined lines of reporting and appropriate segregation of duties and accountabilities.

- Documented policies and procedures: Internal policies and procedures are clearly documented, covering a majority of areas within our Group, and subject to review as considered necessary.
- Clearly defined and documented lines and limits of authority, responsibility and accountability have been established through the relevant terms of reference, organisational structures and appropriate authority limits, including matters requiring our Group Managing Director and Board's approval.
- Proper division of authority and responsibility at various Board Committees, namely the ARMC, Nomination Committee and Remuneration Committee, are clearly defined in their respective terms of reference.
- Our Group is accredited with the certificate of ISO 9001:2015 Quality Management System and ISO 14001:2015 Environmental Management System. Our Group ensures strict compliance with the requirements of both ISO standards in its daily operations in order to preserve product quality as well as to achieve the environmental goals.
- A structured recruitment process is in place to ensure that only suitable employees are recruited. The competency and knowledge of employees are enhanced through relevant training and development programmes.
- Performance evaluation is carried out to assess individual performance of employees based on their job description and scope of work. Appropriate bonus entitlement and salary increments are recommended in line with the results of the evaluation.
- Our Group adopted an effective and efficient information and communication infrastructures and channels i.e. computerised enterprise resources planning system, electronic mail system and secured intranet in order to ensure timely and secure operational data and management information being communicated for our Group's decision making.
- Our Group has implemented relevant COVID-19 standard operating procedures and practices and has been proactively monitoring such implementation to safeguard the safety and health of all employees ever since the outbreak of COVID-19.

(H) Planning, Monitoring and Reporting

- Both Board meetings and ARMC meetings were held 5 times during the financial year. The respective meeting papers were distributed to the Board and ARMC members on a timely basis to enable them to have access to all relevant information for deliberation and decision-making.
- Management meetings: Held on a monthly basis between our Group Managing Director, Executive Directors, Chief Financial Officer, Senior Management and / or respective Heads of Department to discuss and keep abreast with business development, operations performance, financial results against plans, and other business matters.
- Operational review meetings: Held on an ad-hoc and periodic basis by respective business units to monitor the progress and performances of business operations against the operating plans.
- Financial performance review: The quarterly and annual results of our Group are reviewed and approved by our Board before releasing of the same to the regulators whilst the full year financial statements are audited by the external auditors before issuance the same to the regulators and shareholders.

03
REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control as required by Rule 15.23 of the Listing Requirements for the FYE 31 May 2022. Their review was performed under a limited assurance engagement in accordance with Audit and Assurance Practice Guide 3 ("**AAPG 3**") (Revised: February 2018), Guidance for Auditors on Engagements to Report on the Statement of Risk Management and Internal Control included in the Annual Report, issued by the Malaysian Institution of Accountants.

AAPG 3 does not require the external auditors to consider whether this Statement on Risk Management and Internal Control covers all risk and controls, or to form an opinion on the adequacy and effectiveness of our Group's risk management and internal control system.

Based on the procedures performed and evidence obtained, nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Control intended to be included in the Annual Report has not been prepared, in all material respects, in accordance with the disclosures required by Paragraphs 41 and 42 of the Guidelines and Practice 10.1 and 10.2 of MCCG 2021, nor the Statement on Risk Management and Internal Control is factually inaccurate.

04
CONCLUSION

Our Board is satisfied with the adequacy and effectiveness of our Group's risk management and internal control systems. Our Board, through the ARMC, has reviewed the adequacy and effectiveness of the risk management and internal control system for FYE 31 May 2022 and is of the view that the controls are operating adequately and effectively in all material respects.

Our Board has received written assurance from our Group Managing Director and Chief Financial Officer that our Group's risk management and internal control system, in all material aspects, are operating adequately and effectively. Our Board is not aware of any material control weaknesses or failures that have directly resulted in any material misstatement, loss or contingency to our Group for the financial year under review and up to the date of approval of this Statement on Risk Management and Internal Control for inclusion in the Annual Report.

Our Board is committed towards maintaining an effective risk management and internal control system throughout our Group and strives for continuous improvements to further enhance our Group's risk management and internal control system. Furthermore, our Group will continue to evaluate and manage the significant business risks faced by our Group.

This Statement on Risk Management and Internal Control is made in accordance with a resolution of our Board of Directors dated 30 August 2022.

ADDITIONAL COMPLIANCE INFORMATION

01 UTILISATION OF PROCEEDS

Our Company was listed on the ACE Market of Bursa Securities on 20 January 2021. Pursuant to the listing, our Company had successfully raised gross proceeds of approximately RM31.92 million from the public issue.

As at 31 May 2022, our Company has utilised approximately RM23.49 million of the proceeds raised from the public issue, further details are as follows:

Details of utilisation	Proposed utilisation RM'000	Actual utilisation RM'000	Reallocation RM'000	Unutilised amount RM'000	Intended timeframe for utilisation upon listing
Capital expenditure and expansion	13,031	6,597	-	6,434	Within 24 months
Repayment of bank borrowings	7,783	7,783	-	-	Within 12 months
Working capital	5,207	5,021	(1)(186)	-	Within 24 months
Sales and marketing expenses	2,000	-	-	2,000	Within 36 months
Estimated listing expenses	3,900	(1)4,086	(1)186	-	Within 3 months
Total	**31,921**	**23,487**	**-**	**8,434**	

Note:
(1) As the actual amount incurred for listing expenses is higher than estimated, the shortfall has been funded out of the amount allocated for working capital purposes, as set out in Section 2.7.5 of the Prospectus dated 15 December 2020.

02 AUDIT AND NON-AUDIT FEES

The amount of audit fees and non-audit fees payable to the External Auditors or their affiliated companies by our Group and our Company for the FYE 31 May 2022 are as follows:

	Our Group RM'000	Our Company RM'000
Audit fees	105	31
Non-audit fees*	5	5
Total	**110**	**36**

** Non-audit fees comprise review of Statement on Risk Management and Internal Control*

03 MATERIAL CONTRACTS

There were no material contracts entered into by our Group involving the interest of the Director, Chief Executive Officer and / or major shareholders during the FYE 31 May 2022 or still subsisting at the end of the financial year 2022.

04 RECURRENT RELATED PARTY TRANSACTIONS ("RRPT")

During the FYE 31 May 2022, the following related party transactions of a revenue and trading nature were entered into by our Group:

Related parties involved	Relationship	Nature of Transactions	Amount (RM'000)
Lau Tee Tee @ Lau Kim Wah ("**Mr. Lau**"), Kok Hon Seng ("**Mr. Kok**") and Ng Soh Hoon ("**Madam Ng**")	Mr. Lau, Mr. Kok and Madam Ng are our Directors and major shareholders. They are also the directors and shareholders of Aurora Meadow Sdn. Bhd. ("**AMSB**")	Rental paid to AMSB for workers' accommodations	53

05 EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

Our Company has established an ESOS of up to 15% of the total number of issued shares of our Company (excluding treasury shares, if any) at any point of time during the duration of the scheme for eligible directors and employees of our Group (excluding subsidiary companies which are dormant, if any) on 2 November 2021. The ESOS will be in force for a period of 5 years and expire on 2 November 2026.

The principal features of the ESOS are as follows:

I. The maximum number of shares which may be made available under the ESOS shall not in aggregate exceed 15% of the total number of issued shares of our Company (excluding treasury shares, if any) at any point of time during the ESOS period.

II. An eligible person (including executive directors) of our Group shall be eligible to participate in the ESOS if, as at the date of offer, the eligible person is at least 18 years of age and has been confirmed and completed at least 1 year of service within our Group on a full time basis / has been appointed as a director of a company within our Group.

III. All non-executive directors who have been appointed to the Board for more than 1 year shall be eligible to participate in the ESOS in accordance with the Listing Requirements.

IV. Not more than 50% of the total number of shares to be issued under the ESOS could be allocated in aggregate, to the directors and senior management of our Group who are eligible persons (where "senior management" shall be subject to any criteria as may be determined at the sole discretion of the ESOS Committee from time to time).

V. The ESOS shall be valid for a duration of 5 years from the effective date and may be extended for such further period after the date of expiration of the original 5 years period, at the absolute discretion of our Board upon the recommendation by the ESOS Committee, provided always that the initial ESOS period and such extension of the ESOS made shall not in aggregate exceed a duration of 10 years or such other period as may be prescribed by Bursa Securities or any other relevant authorities from the effective date.

VI. The option price shall be determined based on the weighted average market price of shares for the 5 market days immediately preceding the date of offer with a discount of not more than 10%.

VII. The ESOS Committee shall have the sole and absolute discretion in determining whether the shares available for vesting under the ESOS are to be offered to the eligible person via: (A) one single offer (as the case may be) at a time to be determined by the ESOS Committee; or (B) several offers (as the case may be) where the vesting of shares comprised in those offers is staggered or made in several tranches at such times and on terms determined by the ESOS Committee provided always that the aggregate number of Shares in respect of the offers granted to any eligible person shall not exceed an amount equivalent to 15% of the prevailing total number of issued shares of the Company (excluding treasury shares) at any one time.

VIII. The shares to be issued and / or transferred (via treasury shares, if any) upon the exercise of any ESOS options shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing shares, except that the shares shall not be entitled to any dividends, rights, allotments and / or other distributions that may be declared, made or paid, for which the entitlement date (namely the date as at the close of business on which shareholders must be registered in order to be entitled to any dividends, rights, allotments and / or other distributions) is prior to the date of issuance and / or transfer of the above mentioned shares upon the exercise of any ESOS options.

Please refer to the table below for further details on the total number of ESOS options granted, exercised, forfeited and outstanding during the FYE 31 May 2022:

	Balance as at 1June 2021	No. of ESOS options			Balance as at 31 May 2022
		Granted[1]	Exercised	Lapsed / forfeited	
Directors[2]	-	7,168,600	-	-	7,168,600
Employees	-	31,247,200	-	1,422,000	29,825,200
Total	**-**	**38,415,800**	**-**	**1,422,000**	**36,993,800**

Notes:
(1) The ESOS options were granted on 18 November 2021.
(2) The ESOS options offered and exercised / vested to non-executive directors pursuant to the ESOS during the FYE 31 May 2022 are as follows:

Name of director	No. of ESOS options granted	No. of ESOS options exercised
Lau Tee Tee @ Lau Kim Wah	1,442,000	-
Philip Goh Teck Siang	300,000	-
Choo Chee Beng	300,000	-
Lee Chong Leng	300,000	-
Total	**2,342,000**	**-**

Since the commencement of the scheme, approximately 49.04% of the options under the scheme have been granted to Directors and senior management of the Group, out of which 18.66% and 30.38% were granted to Directors and senior management respectively.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Rule 15.26(a) of the Listing Requirements, the directors are required to issue statement on its responsibility in the preparation of the annual audited financial statements.

The directors are responsible to ensure that the preparation of the financial statements for each financial year have been made out are in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and requirements of the Companies Act 2016 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 May 2022 and of the financial performance and cash flows for the FYE 31 May 2022.

In preparing the financial statements, the directors have:
- Applied appropriate and relevant accounting policies consistently and in accordance with applicable approved accounting standards;
- Made judgements and estimates that are reasonable and prudent; and
- Prepared the financial statements on a going concern basis.

The directors are also responsible in taking reasonable steps to safeguard the assets of the Group and of the Company to prevent and detect fraud and other irregularities.

The statement is made in accordance with a resolution of the Board dated 26 August 2022.

HPP HOLDINGS BERHAD
Registration No.: 201801043588 (1305620-D)
(Incorporated in Malaysia)

AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

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HPP HOLDINGS BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 May 2022.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. The principal activities of its subsidiaries are disclosed in Note 10 to the financial statements. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year, net of tax	8,507,909	6,753,125
Attributable to:		
Owners of the Company	8,421,808	6,753,125
Non-controlling interests	86,101	-
	8,507,909	6,753,125

DIVIDENDS

As proposed and disclosed in the last year's report, a final dividend of RM0.01 per ordinary share for the financial year ended 31 May 2021 amounting to RM3,884,300 was paid on 1 December 2021.

On 21 January 2022, the Directors declared an interim single tier dividend of RM0.0075 per ordinary share for the financial year ended 31 May 2022 amounting to RM2,913,225 which was paid on 7 March 2022.

The Directors proposed a final single tier dividend of RM0.0075 per ordinary share for the financial year ended 31 May 2022 which is subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for as equity as an appropriation of retained earnings in the financial year ending 31 May 2023.

RESERVES AND PROVISIONS

There was no material transfer to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUANCE OF SHARES OR DEBENTURES

The Company has not issued any shares or debentures during the financial year.

EMPLOYEE SHARE OPTIONS SCHEME ("ESOS")

The details of the ESOS are disclosed in Note 17(ii) to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up any unissued shares of the Company during the financial year apart from the issuance of options pursuant to the ESOS.

ESOS

At an Extraordinary General Meeting held on 29 October 2021, the Company's shareholders approved the establishment of ESOS of up to 15% of the total number of issued ordinary shares of the Company at any point in time during the existence of ESOS. The ESOS shall be in force for a period of five (5) years and the ESOS options are exercisable from 18 November 2021 in accordance to the respective vesting period up to the date of expiry of the ESOS.

During the financial year, the Company has granted 38,415,800 share options under the ESOS plan, and subject to the terms and conditions of the By-Laws. The ESOS shall not be transferable, transmissible or assignable to any other person or disposed of in any manner whatsoever. This ESOS shall not be transferred, assigned, disposed of or made subject to any encumbrances save and except in the event of death in accordance with the By-Laws.

The options offered for the subscription of unissued ordinary shares and the respective exercise prices are as follows:-

Date of offer	At 1 June 2021 Unit	Granted Unit	Exercised Unit	Forfeited Unit	At 31 May 2022 Unit
18 November 2021	-	38,415,800	-	(1,422,000)	36,993,800

The exercise price for the ESOS is RM0.468 per share unit.

The salient features and other terms of the ESOS are disclosed in Note 17(ii) to the financial statements.

DIRECTORS OF THE COMPANY

The Directors of the Company during the financial year and at the date of this report are:

Kok Hon Seng
Lau Tee Tee @ Lau Kim Wah
Ng Soh Hoon
Philip Goh Teck Siang
Choo Chee Beng
Lee Chong Leng

DIRECTORS OF THE SUBSIDIARIES OF THE COMPANY

Pursuant to Section 253(2) of the Companies Act 2016, the Directors who served in the subsidiaries (excluding Directors who are also Directors of the Company) in office during the financial year and at the date of this report are as follows:

Chong Fea Chin
Lim Soon Guan
Teng Tian Hee (Appointed on 2 August 2021 (Hayan Prints (M) Sdn. Bhd.) and 1 December 2021 (Hayan Packaging Sdn. Bhd. and Big Tree Realty Sdn. Bhd.)

DIRECTORS OF THE SUBSIDIARIES OF THE COMPANY (cont'd)

Teng Chee Kang (Resigned on 2 August 2021 (Hayan Prints (M) Sdn. Bhd.) and 1 December 2021 (Hayan Packaging Sdn. Bhd. and Big Tree Realty Sdn. Bhd.)

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interest of Directors in office at the end of financial year in shares of the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares			
	At 1.6.2021 Unit	Bought Unit	Sold Unit	At 31.5.2022 Unit
Name of Directors				
Ordinary shares in the Company				
Direct interest:				
Kok Hon Seng	23,091,528	-	-	23,091,528
Lau Tee Tee @ Lau Kim Wah	7,688,268	-	-	7,688,268
Ng Soh Hoon	13,904,665	-	-	13,904,665
Philip Goh Teck Siang	200,000	-	-	200,000
Lee Chong Leng	400,000	-	-	400,000
Indirect interest in the Company				
Kok Hon Seng(1)	214,800,295	-	-	214,800,295
Lau Tee Tee @ Lau Kim Wah(2)	207,847,837	-	-	207,847,837
Ng Soh Hoon(3)	223,987,158	-	-	223,987,158

(1) *Deemed interest by virtue of his and his spouse, Ng Soh Hoon's interest in Aurora Meadow Sdn. Bhd. and Ng Soh Hoon's direct interest in HPP Holdings pursuant to Section 8 of the Companies Act 2016 ("Act").*

(2) *Deemed interest by virtue of his and his spouse, Chong Fea Chin's interest in Aurora Meadow Sdn. Bhd. and Chong Fea Chin's direct interest in HPP Holdings pursuant to Section 8 of the Act.*

(3) *Deemed interest by virtue of her and her spouse, Kok Hon Seng's interest in Aurora Meadow Sdn. Bhd. and Kok Hon Seng's direct interest in HPP Holdings pursuant to Section 8 of the Act.*

	Number of ESOS			
	At 1.6.2021 Unit	Granted Unit	Exercised Unit	At 31.5.2022 Unit
ESOS in the Company				
Directors of the Company				
Executive Directors				
Kok Hon Seng	-	1,442,600	-	1,442,600
Ng Soh Hoon	-	1,442,000	-	1,442,000
Non-Independent Non-Executive Director				
Lau Tee Tee @ Lau Kim Wah	-	1,442,000	-	1,442,000
Non-Independent Directors				
Choo Chee Beng	-	300,000	-	300,000
Philip Goh Teck Siang	-	300,000	-	300,000
Lee Chong Leng	-	300,000	-	300,000

DIRECTORS' INTERESTS (cont'd)

According to the register of Directors' shareholdings, the interest of Directors in office at the end of financial year in shares of the Company and its related corporations during the financial year were as follows: (cont'd)

	Number of ESOS			
	At 1.6.2021 Unit	Granted Unit	Exercised Unit	At 31.5.2022 Unit
ESOS in the Company				
Directors of the subdiaries of the Company				
Lim Soon Guan	-	500,000	-	500,000
Teng Tian Hee	-	1,442,000	-	1,442,000

DIRECTORS' REMUNERATION AND BENEFITS

The amounts of fees and other benefits paid to or receivable by the Directors or past Directors of the Company and the estimated money value of any other benefits received or receivable by them otherwise than in cash from the Company and its subsidiaries for their services to the Company and its subsidiaries were as follows:

	Company RM	Subsidiaries RM
Fees	420,000	70,000
Salaries, bonus and allowances	15,200	655,709
Contributions to defined contribution plan	-	124,584
Social security contributions	-	593
ESOS expenses	477,846	177,604
Total fees and other benefits	913,046	1,028,490

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than Directors' emoluments received or due and receivable as disclosed in Note 6(a) to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than those as disclosed in Note 25 to the financial statements.

There were no arrangements during or at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their value as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

OTHER STATUTORY INFORMATION (cont'd)

(b) At the date of this report, the Directors are not aware of any circumstances:

(i) which would necessitate the writing off of bad debts or render the amount of the provision for doubtful debts inadequate to any substantial extent;

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading;

(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(iv) not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements misleading.

(c) At the date of this report, there does not exist:

(i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

(d) In the opinion of the Directors:

(i) no contingent or other liability has become enforceable, or likely to become enforceable, within the period of twelve months after the end of the financial year, which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;

(ii) the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature; and

(iii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

(e) The total amount paid to or receivable by the auditors as remuneration for their services as auditors for the financial year from the Company and its subsidiaries are RM36,000 and RM74,000 respectively.

(f) There was no amount paid to or receivable by any third party in respect of the services provided to the Company or any of its subsidiaries by any Director or past Director of the Company.

(g) During the financial year, the total amount of indemnity coverage for Directors and certain Officers of the Group and of the Company is RM10,000,000.

ULTIMATE HOLDING COMPANY

The Directors regard Aurora Meadow Sdn. Bhd., a company incorporated in Malaysia, as the ultimate holding company of the Company.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of the significant events during the financial year are disclosed in Note 32 to the financial statements.

EVENT SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of the event subsequent to the end of the financial year are disclosed in Note 33 to the financial statements.

AUDITORS

The auditors, Messrs. Moore Stephens Associates PLT, retire and are not seeking re-appointment at the forthcoming Annual General Meeting.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 30 August 2022.

KOK HON SENG

LAU TEE TEE @ LAU KIM WAH

HPP HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
Pursuant to Section 251(2) of the Companies Act 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the accompanying financial statements as set out on pages 80 to 142 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia, so as to give a true and fair view of the financial position of the Group and of the Company as at 31 May 2022 and of their financial performance and cash flows for the financial year then ended.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 30 August 2022.

KOK HON SENG

LAU TEE TEE @ LAU KIM WAH

STATUTORY DECLARATION
Pursuant to Section 251(1) of the Companies Act 2016

I, Mah Chen Wah (MIA No.:22710), being the Officer primarily responsible for the financial management of the Group and of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 80 to 142 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed
at Kuala Lumpur in the Federal Territory
on 30 August 2022

MAH CHEN WAH

Before me,

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of HPP Holdings Berhad, which comprise the statements of financial position as at 31 May 2022 of the Group and of the Company, the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 80 to 142.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 May 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and IESBA Code.

Key Audit Matters

Key audit matters are those matter that, in our professional judgement, were of the most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

We have determined that there are no key audit matters to communicate in our report.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the Annual Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the Annual Report and, in doing so, consider whether the Annual Report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this Annual Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
HPP HOLDINGS BERHAD (cont'd)
Registration No.: 201801043588 (1305620-D)
(Incorporated in Malaysia)

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

MOORE STEPHENS ASSOCIATES PLT
201304000972 (LLP0000963-LCA)
Chartered Accountants (AF002096)

CHUAH SOO HUAT
03002/07/2024 J
Chartered Accountant

Petaling Jaya, Selangor
Date: 30 August 2022

HPP HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Revenue	4	85,762,631	106,681,920	7,890,000	4,890,000
Cost of sales		(65,741,932)	(78,668,944)	-	-
Gross profit		20,020,699	28,012,976	7,890,000	4,890,000
Other income		2,317,452	2,475,420	483,412	182,248
Administrative expenses		(10,269,608)	(10,621,542)	(1,621,642)	(926,253)
Profit from operations		12,068,543	19,866,854	6,751,770	4,145,995
Finance costs	5	(555,058)	(893,762)	-	-
Profit before tax	6	11,513,485	18,973,092	6,751,770	4,145,995
Tax (expense)/credit	7	(3,005,576)	(2,032,995)	1,355	(1,366)
Profit for the financial year, representing total comprehensive income for the financial year		8,507,909	16,940,097	6,753,125	4,144,629
Total comprehensive income attributable to:					
Owners of the Company		8,421,808	16,804,538	6,753,125	4,144,629
Non-controlling interests		86,101	135,559	-	-
		8,507,909	16,940,097	6,753,125	4,144,629
Basic earnings per share attributable to Owners of the Company (sen):	8	2.17	5.06		

The annexed notes form an integral part of,
and should be read in conjunction with, these financial statements.

HPP HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MAY 2022

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
ASSETS					
Non-current Assets					
Property, plant and equipment	9	60,086,167	57,767,283	-	-
Investments in subsidiaries	10	-	-	62,772,478	59,952,000
		60,086,167	57,767,283	62,772,478	59,952,000
Current Assets					
Inventories	11	15,903,709	13,409,586	-	-
Trade receivables	12	25,003,354	27,982,289	-	-
Other receivables	13	916,788	870,328	13,609	13,609
Amounts due from subsidiaries	14	-	-	21,341,144	8,940,000
Tax recoverable		3,478,732	4,040,594	1,827	146
Deposits, cash and bank balances	15	41,818,147	48,716,836	9,590,174	25,406,312
		87,120,730	95,019,633	30,946,754	34,360,067
TOTAL ASSETS		147,206,897	152,786,916	93,719,232	94,312,067
EQUITY AND LIABILITIES					
Equity					
Share capital	16	90,208,055	90,208,055	90,208,055	90,208,055
Reserves	17	(51,263,254)	(54,452,000)	3,188,746	-
Retained earnings		76,542,373	74,808,512	205,962	140,784
Total equity attributable to Owners of the Company		115,487,174	110,564,567	93,602,763	90,348,839
Non-controlling interests		1,820,042	2,061,259	-	-
Total Equity		117,307,216	112,625,826	93,602,763	90,348,839

HPP HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MAY 2022 (cont'd)

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
LIABILITIES					
Non-current Liabilities					
Lease liabilities	18	214,079	256,294	-	-
Borrowings	19	7,872,954	12,826,500	-	-
Deferred tax liabilities	20	8,040,698	6,772,620	-	-
		16,127,731	19,855,414	-	-
Current Liabilities					
Trade payables	21	8,426,412	9,351,714	-	-
Other payables	22	2,297,809	7,122,880	116,469	3,963,228
Amount due to ultimate holding company	23	18,079	13,200	-	-
Tax payable		69,193	3,724	-	-
Lease liabilities	18	282,884	284,010	-	-
Borrowings	19	2,677,573	3,530,148	-	-
		13,771,950	20,305,676	116,469	3,963,228
Total Liabilities		29,899,681	40,161,090	116,469	3,963,228
TOTAL EQUITY AND LIABILITIES		147,206,897	152,786,916	93,719,232	94,312,067

The annexed notes form an integral part of,
and should be read in conjunction with, these financial statements.

HPP HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

	Note	<---Non-distributable--- Share Capital RM	Contributed Capital (Note 16) RM	Reserves ---> RM	Distributable Retained Earnings RM	Total RM	Non-controlling Interests RM	Total Equity RM
Group								
1 June 2020		202	5,500,000	-	61,888,274	67,388,476	1,925,700	69,314,176
Profit net of tax, representing total comprehensive income for the financial year		-	-	-	16,804,538	16,804,538	135,559	16,940,097
Total transactions with Owners of the Company:								
Dividend paid	24	-	-	-	(3,884,300)	(3,884,300)	-	(3,884,300)
Effect of restructuring[1]	31	59,952,000	(5,500,000)	(54,452,000)	-	-	-	-
Shares issued by the Company for the Public Issue		31,920,840	-	-	-	31,920,840	-	31,920,840
Shares issuance expenses for the Public Issue		(1,664,987)	-	-	-	(1,664,987)	-	(1,664,987)
Total transactions with Owners of the Company		90,207,853	(5,500,000)	(54,452,000)	(3,884,300)	26,371,553	-	26,371,553
At 31 May 2021/1 June 2021		90,208,055	-	(54,452,000)	74,808,512	110,564,567	2,061,259	112,625,826
Profit net of tax, representing total comprehensive income for the financial year		-	-	-	8,421,808	8,421,808	86,101	8,507,909
Transactions with Owners of the Company:								
Dividends	24	-	-	-	(6,797,525)	(6,797,525)	(327,318)	(7,124,843)
Employee Share Option Scheme ("ESOS")	17	-	-	3,298,324	-	3,298,324	-	3,298,324
Forfeiture of ESOS	17	-	-	(109,578)	109,578	-	-	-
Total transactions with Owners of the Company		-	-	3,188,746	(6,687,947)	(3,499,201)	(327,318)	(3,826,519)
At 31 May 2022		90,208,055	-	(51,263,254)	76,542,373	115,487,174	1,820,042	117,307,216

(1) *The effect of restructuring arose from the Restructuring Exercise as explained in Note 31.*

HPP HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (cont'd)

	Note	Share Capital RM	Reserves RM	Accumulated Losses RM	Total Equity RM
Company					
At 1 June 2020		202	-	(119,545)	(119,343)
Profit net of tax, representing total comprehensive income for the financial year		-	-	4,144,629	4,144,629
Transactions with Owners of the Company:					
Dividend paid	24	-	-	(3,884,300)	(3,884,300)
Effect of restructuring[1]	31	59,952,000	-	-	59,952,000
Shares issued by the Company for the Public Issue		31,920,840	-	-	31,920,840
Shares issuance expenses for the Public Issue		(1,664,987)	-	-	(1,664,987)
Total transactions with Owners of the Company		90,207,853	-	(3,884,300)	86,323,553
At 31 May 2021/1 June 2021		90,208,055	-	140,784	90,348,839
Profit net of tax, representing total comprehensive income for the financial year		-	-	6,753,125	6,753,125
Transactions with Owners of the Company:					
Dividends	24	-	-	(6,797,525)	(6,797,525)
ESOS	17	-	3,298,324	-	3,298,324
Forfeiture of ESOS	17	-	(109,578)	109,578	-
Total transactions with Owners of the Company		-	3,188,746	(6,687,947)	(3,499,201)
At 31 May 2022		90,208,055	3,188,746	205,962	93,602,763

[1] *The effect of restructuring arose from the Restructuring Exercise as explained in Note 31.*

The annexed notes form an integral part of,
and should be read in conjunction with, these financial statements.

HPP HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Cash Flows from Operating Activities					
Profit before tax		11,513,485	18,973,092	6,751,770	4,145,995
Adjustments for:-					
Bad debts written off		-	5,622	-	-
Depreciation of property, plant and equipment		4,547,498	4,126,882	-	-
Dividend income		-	-	(7,890,000)	(4,890,000)
Gain on disposal of property, plant and equipment		(34,999)	(192,411)	-	-
Gain on lease modification		(4,943)	-	-	-
Impairment loss on trade receivables		-	13,822	-	-
Interest expense		555,058	893,762	-	-
Interest income		(427,783)	(358,356)	(281,285)	(175,574)
Reversal of over-accrued interest expenses in prior year		-	(285,758)	-	-
Reversal of impairment loss on trade receivables		(83,558)	-	-	-
Reversal of inventory allowances		(80,397)	(66,466)	-	-
ESOS expenses		3,298,324	-	477,846	-
Unrealised gain on foreign exchange		(27,968)	(19,025)	-	-
Operating profit/(loss) before changes in working capital		19,254,717	23,091,164	(941,669)	(919,579)
Changes in working capital:					
Inventories		(2,413,726)	(4,366,314)	-	-
Receivables		3,000,611	(11,308,768)	-	(13,609)
Payables		(1,866,073)	4,038,076	37,541	(81,417)
Cash generated from/(used in) operations		17,975,529	11,454,158	(904,128)	(1,014,605)
Interest received		427,783	358,356	281,285	175,574
Interest paid		(555,058)	(852,542)	-	-
Tax paid		(1,204,638)	(4,053,002)	(2,326)	(1,512)
Tax refund		94,471	3,127	2,000	-
Net cash from/(used in) operating activities		16,738,087	6,910,097	(623,169)	(840,543)
Cash Flows from Investing Activities					
Advances to subsidiaries		-	-	(7,511,144)	(4,050,000)
Dividend received		-	-	3,000,000	-
Increase in fixed deposit pledged		(114,359)	(110,727)	-	-
Acquisition of property, plant and equipment	9(i)	(5,758,299)	(9,073,900)	-	-
Proceeds from disposal of property, plant and equipment		35,000	1,726,000	-	-
Net cash used in investing activities		(5,837,658)	(7,458,627)	(4,511,144)	(4,050,000)

HPP HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (cont'd)

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Cash Flows from Financing Activities					
Advances from holding company	(iii)	4,879	13,200	-	-
Repayment to a Director	(iii)	-	(11,000)	-	(11,000)
Dividends paid:					
- Owners of the Company	24	(10,681,825)	-	(10,681,825)	-
- Non-controlling interest		(327,318)	-	-	-
Proceeds from issuance of ordinary shares	16	-	30,255,853	-	30,255,853
Repayment of lease liabilities	(ii)(iii)	(286,482)	(308,482)	-	-
Repayment of borrowings	(iii)	(6,666,121)	(5,803,647)	-	-
Net cash (used in)/from financing activities		(17,956,867)	24,145,924	(10,681,825)	30,244,853
Net (decrease)/increase in cash and cash equivalents		(7,056,438)	23,597,394	(15,816,138)	25,354,310
Cash and cash equivalents at the beginning of the financial year		47,413,400	23,813,907	25,406,312	52,002
Effect of exchange rate changes on cash and cash equivalents held		43,390	2,099	-	-
Cash and cash equivalents at the end of the financial year	(i)	40,400,352	47,413,400	9,590,174	25,406,312

Note:

(i) Cash and cash equivalents comprise of the following: -

	Group 2022 RM	Group 2021	Company 2022 RM	Company 2021 RM
Fixed deposits with licensed banks	15,000,457	5,800,517	-	-
Short-term fund	13,529,494	21,181,084	9,235,279	21,181,084
Cash and bank balances	13,288,196	21,735,235	354,895	4,225,228
Total deposits, cash and bank balances (Note 15)	41,818,147	48,716,836	9,590,174	25,406,312
Less: Fixed deposits pledged as security	(1,417,795)	(1,303,436)	-	-
	40,400,352	47,413,400	9,590,174	25,406,312

HPP HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (cont'd)

Note: (cont'd)

(ii) Cash outflows for leases as a lessee

	Group 2022 RM	Group 2021 RM
Included in net cash from operating activities:		
Interest paid in relation to lease liabilities	18,994	17,912
Payment related to:		
- lease of low value of asset	6,000	-
- short-term lease rental	104,480	162,743
Included in net cash from financing activities:		
Payment for the principal portion of lease liabilities	286,482	308,482
Total cash outflows for leases	415,956	489,137

(iii) Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Borrowings RM	Lease liabilities RM	Amount due to ultimate holding company RM
Group			
2022			
At beginning of the financial year	16,356,648	540,304	13,200
(Repayments to)/Advances from, representing net changes in cash flows from financing activities	(6,666,121)	(286,482)	4,879
Acquisition of property, plant and equipment [Note 9(i)]	860,000	-	-
Interest expense	536,064	18,994	-
Interest paid	(536,064)	(18,994)	-
Lease modification	-	(210,465)	-
Renewal of lease [Note 9(i)]	-	453,606	-
At end of the financial year	10,550,527	496,963	18,079

HPP HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (cont'd)

Note: (cont'd)

(iii) Reconciliation of movements of liabilities to cash flows arising from financing activities: (cont'd)

	Borrowings RM	Lease liabilities RM	Amounts due to Directors RM	Amount due to ultimate holding company RM
Group				
2021				
At beginning of the financial year	21,848,336	437,741	11,000	-
Drawdown of borrowings	1,000,000	-	-	-
Advances	-	-	-	52,800
Repayment to	(6,803,647)	(308,482)	(11,000)	(39,600)
Net changes in cash flows from financing activities	(5,803,647)	(308,482)	(11,000)	13,200
Acquisition of property, plant and equipment [Note 9(i)]	556,497	-	-	-
Interest expense	875,850	17,912		
Interest paid	(834,630)	(17,912)	-	-
Renewal of lease [Note 9(i)]	-	411,045	-	-
Reversal of over-accrued interest expenses in prior year	(285,758)	-	-	-
At end of the financial year	16,356,648	540,304	-	13,200

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

HPP HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 MAY 2022

1. CORPORATE INFORMATION

The Company is a public limited company, incorporated and domiciled in Malaysia and is listed on the ACE Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan.

The principal place of business of the Company is located at No. 37, Jalan TTC 29, Taman Teknologi Cheng, 75250 Melaka.

The Company is principally engaged in investment holding. The principal activities of its subsidiaries are disclosed in Note 10. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

The financial statements were authorised for issue in accordance with a resolution of the Directors dated 30 August 2022.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The Group and the Company have also considered the new accounting pronouncements in the preparation of the financial statements.

(i) Accounting pronouncements that are effective and adopted during the financial year

Amendments to MFRS 16	Covid 19 – Related Rent Concessions
Amendments to MFRS 9, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendments to MFRS 16	Covid 19 – Related Rent Concessions beyond 30 June 2021

The adoption of the above accounting pronouncements did not have any significant effect on the financial statements of the Group and of the Company.

(ii) Accounting pronouncements that are issued but not yet effective and have not been early adopted

The Group and the Company have not adopted the following accounting pronouncements that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:

2. **BASIS OF PREPARATION** (cont'd)

(a) **Statement of compliance** (cont'd)

(ii) **Accounting pronouncements that are issued but not yet effective and have not been early adopted** (cont'd)

Effective for financial periods beginning on or after 1 January 2022

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to MFRSs 2018 – 2020	

Effective for financial periods beginning on or after 1 January 2023

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 – Comparative Information
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current
Amendments to MFRS 101 and MFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective date to be announced

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company will adopt the above accounting pronouncements when they become effective in the respective financial periods. These accounting pronouncements are not expected to have any effect to the financial statements of the Group and of the Company upon their initial application.

(b) **Basis of measurement**

The financial statements of the Group and of the Company have been prepared on the historical cost convention except otherwise as disclosed in the accounting policy notes.

(c) **Functional and presentation currency**

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

2. **BASIS OF PREPARATION** (cont'd)

(d) **Significant accounting estimates and judgements**

The summary of accounting policies as described in Note 3 are essential to understand the Group's and the Company's results of operations, financial position, cash flows and other disclosures. Certain of these accounting policies require critical accounting estimates that involve complex and subjective judgements and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. The Directors exercise their judgement in the process of applying the Group's and the Company's accounting policies.

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and of the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an ongoing basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The key assumptions concerning the future and other key sources of estimation or uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

(i) **Impairment of financial assets and receivables**

The Group and the Company assess on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost. The impairment methodology applied as disclosed in Note 3(n)(i) depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by MFRS 9, which required expected lifetime losses to be recognised from initial recognition of the receivables.

For amounts due from subsidiaries, the Company applies the approach permitted by MFRS 9, which requires the Company to measure the allowance for impairment loss for that financial asset at an amount based on the probability of default occurring within the next 12 months considering the loss given default of that financial asset.

(ii) **Write-down of inventories**

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews required judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(iii) **Income tax and deferred tax**

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognise tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business.

Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

2. BASIS OF PREPARATION (cont'd)

(d) Significant accounting estimates and judgements (cont'd)

(iii) Income tax and deferred tax (cont'd)

Deferred tax implications arising from the changes in corporate income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in the future periods in which the tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the reporting date. While management's estimates on the realisation and settlement of temporary differences are based on the available information at the reporting date, changes in business strategy, future operating performance and other factors could potentially impact on the actual timing and amount of temporary differences realised and settled. Any difference between the actual amount and the estimated amount would be recognised in the profit or loss in the period in which actual realisation and settlement occurs.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Business Combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Basis of consolidation (cont'd)

(ii) Business Combinations (cont'd)

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisition of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose, comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group's equity and any resulting gain or loss is recognised directly in equity.

(v) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as a financial asset depending on the level of influence retained.

(vi) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(a) **Basis of consolidation** (cont'd)

(vi) Non-controlling interests (cont'd)

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) **Foreign currency transactions**

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in functional currencies using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currencies at the reporting date are translated to the functional currencies at the exchange rates on the reporting date. Non-monetary items denominated in foreign currencies are not retranslated at the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period.

(c) **Revenue and other income recognition**

Revenue from contracts with customers

Revenue recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's customary business practices.

Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(c) **Revenue and other income recognition** (cont'd)

Revenue from contracts with customers (cont'd)

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

Revenue from sales of goods is recognised upon delivery of goods where the control of the goods has been passed to the customers, or performance of services, net of sales and services taxes and discounts.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

Dividend income is recognised when the right to receive payment is established.

Other income

Other income earned by the Group are recognised on the following basis:

<u>Interest income</u>

Interest income is recognised on an accrual basis using the effective interest method.

<u>Rental income</u>

Rental income is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the term of the lease.

(d) **Employee benefits**

<u>Short-term employee benefits</u>

Wages, salaries, social security contributions and bonuses are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group and of the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Employee benefits (cont'd)

Defined contribution plan

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense as incurred. Once the contributions have been paid, the Group and the Company have no further payment obligations.

Equity-settled share-based payment transaction

The Group operates an equity-settled, share-based compensation plan for the Directors and employees of the Group for equity instruments of the Company (known as "ESOS").

The ESOS allows the Group's Directors and employees to acquire shares of the Company. The total fair value of share options granted is recognised as an employee cost with a corresponding increase in the share options reserve within equity over the vesting period and taking into account the probability that the options will vest.

At each reporting date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in profit or loss and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share options reserve.

The fair value of the share options recognised in the employee share options reserve is transferred to share capital when the share options are exercised, or transferred to retained earnings upon expiry of the ESOS.

The proceeds received net of any direct attributable transaction costs are credited to equity when the options are exercised.

(e) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Income taxes

Current tax

Tax expense represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the financial year, using tax rates enacted or substantively enacted by the reporting date, and any adjustments recognised for prior years' tax. When an item is recognised outside profit or loss, the related tax effect is recognised either in other comprehensive income or directly in equity.

Deferred tax

Deferred tax is recognised using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxable entity and the same taxation authority to offset or when it is probable that future taxable profits will be available against which the assets can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will be available for the assets to be utilised.

Deferred tax assets relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from business combination is adjusted against goodwill on acquisition or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the acquisition cost.

(g) Leases

The Group recognises a right-of-use ("ROU") asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term.

The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment, except for the lease of premises which are depreciated over the respective lease terms.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Leases (cont'd)

If ROU assets relate to a class of property, plant and equipment to which the lessee applies the revaluation model in MFRS 116, a lessee may elect to apply that revaluation model to all of the ROU assets that relate to that class of property, plant and equipment.

The ROU assets are presented within property, plant and equipment in the statements of financial position.

In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The Group applies MFRS 136 to determine whether a ROU asset is impaired and accounts for any identified impairment loss as described in Note 3(n)(ii).

The lease liability is initially measured at the present value of the future lease payments at the commencement date, discounted using the Group's incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group is reasonably certain to exercise.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if the Group changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short-term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

(h) Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the financial year for the effects of all dilutive potential ordinary shares.

(i) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Property, plant and equipment (cont'd)

(i) Recognition and measurement (cont'd)

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in the profit or loss on straight-line basis over its estimated useful lives of each component of an item of property, plant and equipment at the following annual rates:

Leasehold land	Over the lease term
Buildings	2%
Plant and machineries	10%
Motor vehicles	20%
Office equipment and others*	10% - 20%
Renovation	10%

* *Office equipment and others comprise of signboard, tools and equipment, computers, furniture and fittings and air conditioners.*

Lease of premises are depreciated over the lease term periods of 2 years.

Building under construction is not ready to use in generating future economic benefits and therefore is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Capital work-in-progress

Capital work-in-progress is stated at cost less any accumulated impairment losses and includes borrowing cost incurred during the period of construction.

No depreciation is provided on capital work-in-progress and upon completion of construction, the cost will be transferred to property, plant and equipment.

(k) Inventories

Inventories are measured at the lower of cost and net realisable value.

Costs incurred in bringing the inventories to their present location and condition are accounted for as follow:

- cost of raw materials and packaging materials comprise cost of purchase and are stated on a first-in, first-out (FIFO) basis.
- cost of finished goods and work-in-progress includes raw materials, labour and an appropriate proportion of production overheads and are stated on a standard cost basis.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

(l) Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and on hand, fixed deposits placed with licensed banks and short-term fund that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of pledged deposits, if any.

(m) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statements of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

<u>Amortised cost</u>

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses.

Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 3(n)(i)) where the effective interest rate is applied to the amortised cost.

All financial assets, except for those measured at fair value through profit or loss, are subject to impairment assessment (see Note 3(n)(i)).

Financial liabilities

<u>Amortised cost</u>

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

(iii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(iv) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Financial instruments (cont'd)

(iv) Regular way purchase or sale of financial assets (cont'd)

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date; and
(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(v) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risk and rewards of ownership of the financial assets are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(n) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses ("ECL") on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

Loss allowance of the Group and of the Company are measured on either of the following basis:

(i) 12-month ECL – represents the ECL that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
(ii) Lifetime ECL – represents the ECL that will result from all possible default events over the expected life of a financial instrument.

The impairment methodology applied depends on whether there has been a significant increase in credit risk.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Impairment (cont'd)

(i) Financial assets (cont'd)

<u>Simplified approach - trade receivables</u>

The Group applies the simplified approach to provide ECL for all trade receivables as permitted by MFRS 9. The simplified approach required expected lifetime losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where applicable.

<u>General approach - other financial instruments</u>

The Group and the Company apply the general approach to provide for ECL on all other financial instruments, which requires the loss allowance to be measured at an amount equal to 12-months ECL at initial recognition.

At each reporting date, the Group and the Company assess whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECL. In assessing whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward looking information, where available.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECL.

The Group and the Company consider the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Group and the Company in full, without recourse by the Group and the Company to actions such as realising security (if any is held); or
- The financial asset is more than 365 days past due.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group and the Company are exposed to credit risk.

<u>Credit impaired financial assets</u>

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost is credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(n) **Impairment** (cont'd)

(i) Financial assets (cont'd)

Credit impaired financial assets (cont'd)

Evidence that a financial asset is credit impaired includes the observable data about the following events:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or significant past due event (e.g. being more than 365 days past due);
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having g ranted to the borrower a concession that the lender would not otherwise consider (e.g. the restructuring of a loan or advance by the Group and the Company on terms that the Group and the Company would not consider otherwise);
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for security because of financial difficulties.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery of amounts due. Any recoveries made are recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(n) **Impairment** (cont'd)

(ii) Other assets (cont'd)

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cashgenerating unit (groups of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(o) **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of their liabilities. Ordinary shares are equity instruments.

Ordinary shares

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(p) **Operating segments**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Board of Directors, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(q) **Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(q) Provisions (cont'd)

Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The relating expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

(r) Contingent liability

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(s) Government grant

Grants/assistance from government is recognised when there is a reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants/assistance relating to costs are deferred and recognised in the statements of profit or loss over the period necessary to match them with the costs they are intended to compensate.

Government grants/assistance related to assets are presented in the statements of financial position as deferred revenue and recognised in the profit or loss on a systematic basis over the useful life of the asset.

(t) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(t) Fair value measurements (cont'd)

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

4. REVENUE

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Revenue from contract with customers:				
Sales of paper-based packaging products	85,762,631	106,681,920	-	-
Revenue from other source:				
Dividend income	-	-	7,890,000	4,890,000
	85,762,631	106,681,920	7,890,000	4,890,000

<u>Sales of paper-based packaging products</u>

The Group sells paper-based packaging products comprising corrugated and non-corrugated packaging as well as others such as brochures, leaflets, labels and paper bags as well as trading and production of rigid boxes to customers. Revenue recognition is based on the delivery of the products to the customer, which requires customer acknowledgement that the goods have been accepted by the customer.

<u>Performance obligation ("PO")</u>

The contracts with customers are bundled and consist of obligations for the manufacture and sale of goods and the delivery of the said goods. The management has assessed that the delivery obligation is primarily a value-added fulfilment service and is not considered to be a significant distinct PO. Accordingly, the contracts with the respective customers are considered as a single PO and is satisfied on a point in time basis with payment generally due between 30 to 90 days from the date of invoice.

<u>Timing of recognition</u>

Revenue is recognised when control over the products has been transferred to the customer upon acknowledgement of the receipt of the products by customers.

5. FINANCE COSTS

	Group 2022 RM	Group 2021 RM
Interest expense:		
Term loans	536,064	875,850
Lease liabilities	18,994	17,912
	555,058	893,762

6. PROFIT BEFORE TAX

Profit before tax is derived after charging/(crediting):

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Auditors' remuneration				
- current year	105,000	93,000	31,000	31,000
- other service	5,000	5,000	5,000	5,000
Bad debts written off	-	5,622	-	-
Dividend income	-	-	(7,890,000)	(4,890,000)
Depreciation of property, plant and equipment	4,547,498	4,126,882	-	-
Directors' remuneration [Note (a)]	1,976,536	1,396,455	913,046	255,200
Employee benefit expenses [Note (b)]	13,172,830	10,210,362	-	-
Gain on disposal of property, and equipment	(34,999)	(192,411)	-	-
Gain on lease modification	(4,943)	-	-	-
Government grant [Note (c)]	(45,600)	(638,400)	-	-
Initial Public Offering expenses	-	617,121	-	475,580
Interest income	(427,783)	(358,356)	(281,285)	(175,574)
Impairment loss on trade receivables	-	13,822	-	-
Reversal of impairment loss on trade receivables	(83,558)	-	-	-
Reversal of inventory allowances	(80,397)	(66,466)	-	-
Realised (gain)/loss on foreign exchange	(152,249)	339,482	-	-
Rental income	-	(58,074)	-	-
ROU assets:				
- Lease of low value asset	6,000	-	-	-
- Short-term lease	104,480	162,743	-	-
Reversal of over-accrued interest expenses in prior year	-	(285,758)	-	-
Unrealised gain on foreign exchange	(27,968)	(19,025)	-	-

6. PROFIT BEFORE TAX (cont'd)

Profit before tax is derived after charging/(crediting): (cont'd)

(a) Directors' remuneration:

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Directors of the Company:				
Fees	490,000	277,000	420,000	252,000
Salaries, allowances and bonus	670,909	898,900	15,200	3,200
Contributions to defined contribution plan	124,584	170,750	-	-
Social security contributions	593	855	-	-
ESOS expenses	655,450	-	477,846	-
Others	-	23,950	-	-
	1,941,536	1,371,455	913,046	255,200
Directors of the subsidiaries:				
Fees	35,000	25,000	-	-
Total	1,976,536	1,396,455	913,046	255,200

(b) Employee benefits expense:

	Group 2022 RM	Group 2021 RM
Salaries, allowances and bonus	9,558,204	9,256,738
Contributions to defined contribution plan	843,192	832,047
Social security contributions	128,560	121,577
ESOS expenses	2,642,874	-
	13,172,830	10,210,362

(c) This relates to wage subsidies granted by the government to the subsidiaries of the Company.

7. TAX EXPENSE/(CREDIT)

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Current tax:				
- Current year	1,882,449	2,591,631	-	1,355
- (Over)/underprovision in prior year	(144,951)	(1,831,840)	(1,355)	11
	1,737,498	759,791	(1,355)	1,366
Deferred tax (Note 20):				
- Relating to origination of temporary differences	1,279,797	1,446,495	-	-
- Overprovision in prior year	(11,719)	(173,291)	-	-
	1,268,078	1,273,204	-	-
Tax expense/(credit) for the financial year	3,005,576	2,032,995	(1,355)	1,366

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2021: 24%) of the estimated assessable profit for the year.

The reconciliation of the tax amount at statutory income tax rate to the Group's and to the Company's tax expenses are as follows:

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Profit before tax	11,513,485	18,973,092	6,751,770	4,145,995
Tax at Malaysian statutory tax rate of 24% (2021: 24%)	2,763,236	4,553,542	1,620,425	995,039
Non-deductible expenses	1,077,890	499,305	273,358	221,690
Income not subject to tax	(19,664)	(41,774)	(1,893,783)	(1,215,374)
Utilisation of reinvestment allowances in current year	(659,216)	(972,947)	-	-
(Over)/underprovision in prior year:				
- income tax expense	(144,951)	(1,831,840)	(1,355)	11
- deferred tax	(11,719)	(173,291)	-	-
Tax expense/(credit) for the financial year	3,005,576	2,032,995	(1,355)	1,366

The Group has estimated unabsorbed capital allowance amounting to RM67,484 (2021: RM2,271) available for set-off against future taxable profits.

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8. EARNINGS PER SHARE

(a) Basic

Basic earnings per share for the financial year is calculated by dividing profit after tax attributable to Owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group 2022	Group 2021
Basic earnings per share:		
Profit after tax attributable to the Owners of the Company (RM)	8,421,808	16,804,538
Number of ordinary share at beginning of the financial year	388,430,000	-
Effect of restructuring[1]	-	299,761,000
Shares issued pursuant to Public Issue on 20 January 2021[2]	-	32,066,597
Weighted average number of ordinary shares at end of the financial year (unit)	388,430,000	331,827,597
Basic earnings per ordinary share (sen)	2.17	5.06

[1] *Based on the issued share capital of 299,761,000 ordinary shares after the completion of the restructuring exercise but before the Public Issue*

[2] *Based on weighted average number of shares pursuant to the Public Issue of 88,669,000 ordinary shares on 20 January 2021.*

The aggregate number of ordinary shares on completion of the restructuring exercise and Public Issue is 388,430,000.

(b) Diluted

Diluted earnings per share for the financial year is calculated by dividing the profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

The Group has no dilution in earnings per ordinary shares as the exercise price of the employee share options has exceeded the average market price of ordinary shares during the financial year and therefore, the employee share options do not have any dilutive effect on the weighted average number of ordinary shares.

9. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land RM	Buildings RM	Plant and machineries RM	Motor vehicles RM	Office equipment and others* RM	Renovation RM	Lease of premises RM	Total RM
Group								
2022								
Cost								
At beginning of the financial year	8,126,765	11,693,183	53,868,147	2,479,197	2,192,311	242,011	411,045	79,012,659
Additions	-	694,867	5,155,226	153,000	472,682	142,524	453,606	7,071,905
Disposals	-	-	-	(138,220)	-	-	-	(138,220)
Lease modification	-	-	-	-	-	-	(411,045)	(411,045)
At end of the financial year	8,126,765	12,388,050	59,023,373	2,493,977	2,664,993	384,535	453,606	85,535,299
Accumulated Depreciation								
At beginning of the financial year	464,851	833,934	16,982,781	2,027,478	865,792	53,413	17,127	21,245,376
Charge for the financial year	101,798	255,990	3,499,279	243,789	206,880	32,466	207,296	4,547,498
Disposals	-	-	-	(138,219)	-	-	-	(138,219)
Lease modification	-	-	-	-	-	-	(205,523)	(205,523)
At end of the financial year	566,649	1,089,924	20,482,060	2,133,048	1,072,672	85,879	18,900	25,449,132
Net Carrying Amount								
At 31 May 2022	7,560,116	11,298,126	38,541,313	360,929	1,592,321	298,656	434,706	60,086,167

* *Office equipment and others comprise of signboard, tools and equipment, computers, furniture and fittings and air conditioners.*

9. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Leasehold land RM	Buildings RM	Plant and machineries RM	Motor vehicles RM	Office equipment and others* RM	Renovation RM	Lease of premises RM	Total RM
Group								
2021								
Cost								
At beginning of the financial year	8,126,765	10,983,954	50,126,000	2,300,530	1,593,422	141,722	383,552	73,655,945
Additions	-	709,229	7,999,990	222,000	598,889	100,289	411,045	10,041,442
Disposals	-	-	(4,257,843)	(43,333)	-	-	-	(4,301,176)
Expiry of lease	-	-	-	-	-	-	(383,552)	(383,552)
At end of the financial year	8,126,765	11,693,183	53,868,147	2,479,197	2,192,311	242,011	411,045	79,012,659
Accumulated Depreciation								
At beginning of the financial year	363,054	592,374	16,563,009	1,815,082	706,027	29,973	200,114	20,269,633
Charge for the financial year	101,797	241,560	3,148,359	251,396	159,765	23,440	200,565	4,126,882
Disposals	-	-	(2,728,587)	(39,000)	-	-	-	(2,767,587)
Expiry of lease	-	-	-	-	-	-	(383,552)	(383,552)
At end of the financial year	464,851	833,934	16,982,781	2,027,478	865,792	53,413	17,127	21,245,376
Net Carrying Amount								
At 31 May 2021	7,661,914	10,859,249	36,885,366	451,719	1,326,519	188,598	393,918	57,767,283

* *Office equipment and others comprise of signboard, tools and equipment, computers, furniture and fittings and air conditioners.*

9. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(i) Additions of property, plant and equipment are satisfied by the following:

	Group 2022 RM	2021 RM
Cash	5,758,299	9,073,900
Term loans	860,000	556,497
Renewal of lease	453,606	411,045
	7,071,905	10,041,442

(ii) The following property, plant and equipment of the Group with net carrying amount stated are charged as securities for borrowings as disclosed in Note 19:

	Group 2022 RM	2021 RM
Leasehold land	2,838,400	2,876,501
Buildings	6,212,218	5,836,194
Plant and machineries	14,376,746	15,550,842
	23,427,364	24,263,537

(iii) The leasehold land of the Group has an unexpired lease period of 74 years (2021: 75 years).

(iv) The total net carrying amount of ROU assets recognised by the Group are as follows:

	Group 2022 RM	2021 RM
Motor vehicles	43,546	161,732
Lease of premises	434,706	393,918
Leasehold land	7,560,116	7,661,914
	8,038,368	8,217,564

The expenses charged to profit or loss during the financial year on ROU assets are as follows:

	Group 2022 RM	2021 RM
Depreciation of right-of-use asset	351,728	420,548
Interest expense of lease liabilities	18,994	17,912
Lease of low value asset	6,000	-
Short term lease	104,480	162,743

10. INVESTMENTS IN SUBSIDIARIES

	Company 2022 RM	2021 RM
Unquoted shares, at cost		
At 1 June/31 May	59,952,000	59,952,000
Capital contribution to subsidiaries (Note (a))		
At 1 June	-	-
Addition	2,820,478	-
At 31 May	2,820,478	-
Net carrying amount		
At end of the financial year	62,772,478	59,952,000

(a) Capital contribution to subsidiaries

During the financial year, the capital contribution amounting to RM2,820,478 represents ESOS granted by the Company to the employees of its subsidiaries and is treated as additional cost of its investments in the subsidiaries.

(b) Details of the subsidiaries are as follows:

Name of Subsidiaries	Country of Incorporation	Principal activities	Effective Equity Interest 2022 %	2021 %
Hayan Prints (M) Sdn. Bhd.	Malaysia	Printing and production of paper- based packaging, both corrugated and non-corrugated and trading of rigid boxes	100	100
Hayan Packaging Sdn. Bhd.	Malaysia	Investment holding in real property	100	100
Held through Hayan Prints (M) Sdn. Bhd.				
Envy Premium Box Supplies Sdn. Bhd.	Malaysia	Production and trading of rigid boxes	51	51
Held through Hayan Packaging Sdn. Bhd.				
Big Tree Realty Sdn. Bhd.	Malaysia	Investment holding in real property	100	100

10. INVESTMENTS IN SUBSIDIARIES (cont'd)

(b) Details of the subsidiaries are as follows: (cont'd)

The subsidiary of the Group that has non-controlling interests ("NCI")

	2022	2021
Envy Premium Box Supplies Sdn. Bhd. ("Envy")		
NCI percentage of ownership and voting interest (%)	49%	49%
Carrying amount of NCI (RM)	1,820,042	2,061,259
Dividend (RM)	(327,318)	-
Profit allocated to NCI, representing total comprehensive income for the year allocated to NCI (RM)	86,101	135,559

The summarised financial information (before intra-group elimination) of the Group's subsidiary that has NCI

	2022 RM	2021 RM
Envy Premium Box Supplies Sdn. Bhd.		
Assets and liabilities		
Non-current assets	1,446,074	1,580,672
Current assets	6,314,265	6,057,400
Non-current liabilities	(1,037,364)	(1,343,973)
Current liabilities	(2,962,893)	(2,087,450)
Net assets	3,760,082	4,206,649
Less: Contribution from immediate holding company	(45,713)	-
Adjusted net assets	3,714,369	4,206,649
Results		
Revenue	9,465,917	19,183,165
Profit for the year, representing total comprehensive income for the year	175,716	276,650
Dividend	(667,996)	-
Cash flows from:		
- Operating activities	1,432,274	(1,514,045)
- Investing activities	19,311	(105,467)
- Financing activities	(1,199,903)	654,137

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11. INVENTORIES

	Group 2022 RM	Group 2021 RM
At cost:		
Raw materials	11,837,293	11,543,712
Work-in-progress	676,365	226,259
Finished goods	3,390,051	1,639,615
	15,903,709	13,409,586
Recognised in profit or loss:		
Inventories recognised as cost of sales	65,047,164	76,231,099
Reversal of inventory allowances	(80,397)	(66,466)

The Group has recognised a reversal of previously made slow moving inventories of RM80,397 (2021: RM66,466) as the Group has utilised the relevant goods for production during the year. The amount reversed has been included in "other income" in the profit or loss.

12. TRADE RECEIVABLES

	Note	Group 2022 RM	Group 2021 RM
Trade receivables, gross		25,015,838	28,078,331
Less: Allowance for impairment loss	(i)	(12,484)	(96,042)
Trade receivables, net		25,003,354	27,982,289

The normal credit terms of trade receivables range from 30 to 90 days (2021: 30 to 90 days). Other credit terms are assessed and approved on a case by case basis.

(i) Movements in the allowance for impairment losses on trade receivables during the financial year are as follows:

	Group 2022 RM	Group 2021 RM
At beginning of the financial year	96,042	82,220
Additions	-	13,822
Reversal	(83,558)	-
At end of the financial year	12,484	96,042

13. OTHER RECEIVABLES

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Other receivables	30,905	53,347	-	-
Deposits	355,668	649,559	-	-
Prepayments	530,215	167,422	13,609	13,609
	916,788	870,328	13,609	13,609

On 1 March 2022, the Group has entered into a Sales And Purchase Agreement ("SPA") with Lekok Paper Sdn. Bhd. to purchase 2 pieces of lands located at No. Hakmilik 34330 & 34331, Lot 8522 & 8523 Mukim of Cheng, District of Melaka Tengah. Included in deposit is RM179,994 (2021: Nil) paid for the lands purchased during the year. The capital commitment for such lands are disclosed at Note 26.

14. AMOUNTS DUE FROM SUBSIDIARIES

These amounts are non-trade in nature, unsecured, interest free and are collectible on demand.

15. DEPOSITS, CASH AND BANK BALANCES

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	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Fixed deposits with licensed bank	(i)	15,000,457	5,800,517	-	-
Short-term fund	(ii)	13,529,494	21,181,084	9,235,279	21,181,084
Cash and bank balances		13,288,196	21,735,235	354,895	4,225,228
		41,818,147	48,716,836	9,590,174	25,406,312

(i) The effective interest rates of the fixed deposits range from 1.75% to 2.10% (2021: 1.75% to 2.08%) per annum and had a maturity period of 12 months (2021: 12 months).

Included in fixed deposits is an amount of RM1,417,795 (2021: RM1,303,436) which is pledged to licensed banks for borrowings as disclosed in Note 19.

(ii) Short-term fund represents investment in highly liquid money market instrument and deposits with financial institution in Malaysia. The short-term fund is subject to an insignificant risk of change in value. The distribution income from this fund is tax exempted and is being treated as interest income by the Group and the Company.

16. SHARE CAPITAL AND CONTRIBUTED CAPITAL

a) Share capital

	<---------------------- Group and Company ------------------------->			
	Number of shares		Amount	
	2022 Units	2021 Units	2022 RM	2021 RM
Issued and fully paid:				
At beginning of the financial year	388,430,000	1,000	90,208,055	202
Effect of restructuring (Note 31)	-	299,760,000	-	59,952,000
Shares issued by the Company for the Public Issue	-	88,669,000	-	31,920,840
Shares issuance expenses for the Public Issue	-	-	-	(1,664,987)
	-	88,669,000	-	30,255,853
At end of the financial year	388,430,000	388,430,000	90,208,055	90,208,055

The holder of ordinary shares is entitled to receive dividends as and when declared by the Group and the Company. All ordinary shares carry on vote per share without restriction and rank equally with regards to the Company's residual interest.

b) Contributed capital

Contributed capital represents the issued and paid up share capital of Hayan Prints (M) Sdn. Bhd. and Hayan Packaging Sdn. Bhd., being the subsidiaries acquired pursuant to the restructuring exercise, the details of which are explained in Note 31.

17. RESERVES

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Reserves:					
Restructuring	(i)	(54,452,000)	(54,452,000)	-	-
ESOS	(ii)	3,188,746	-	3,188,746	-
		(51,263,254)	(54,452,000)	3,188,746	-

(i) Restructuring

In the event where a new company is formed to facilitate a restructuring exercise, in which the new company itself is not a business, book value accounting is applied. The assets and liabilities acquired are recognised in the consolidated financial statements at their respective carrying amounts as if the restructuring had occurred before the start of the earliest period presented. The other components of equity of the acquired entities are added to the same components within Group equity.

The restructuring reserve comprises the difference between cost of investment recorded by the Company and the share capital of Hayan Prints (M) Sdn. Bhd. and Hayan Packaging Sdn. Bhd. arising from the restructuring exercise as disclosed in Note 31.

17. RESERVES (cont'd)

(ii) ESOS

The number of share options outstanding are as follows:

	Group/Company	
	Exercise price RM	**Number of options Unit**
Share options under ESOS:-		
At 1 June 2021	0.468	-
Granted	0.468	38,415,800
Forfeited	0.468	(1,422,000)
As at 31 May 2022	0.468	36,993,800
Exercisable at 31 May 2022		7,638,760

The share option reserve represents the equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded on grant of share options over the vesting period of 5 years.

At an Extraordinary General Meeting held on 29 October 2021, the Company's shareholders approved establishment of an ESOS which is governed by the By-Laws.

17. RESERVES (cont'd)

(ii) ESOS (cont'd)

The salient features of the ESOS are as follows:-

(a) Eligible persons are employees and/or Directors of the Company and its subsidiaries who have been confirmed in the employment of the Company and its subsidiaries;

(b) The maximum number of new ordinary shares of the Company, which may be available under the scheme, shall not exceed in aggregate 15% of the total number of issued share capital of the Company at any point in time;

(c) The option may be exercised by the option holders by notice in writing to the Company in the prescribed form during the option period in respect of all or any part of the new ordinary shares of the Company comprised in the ESOS; and

(d) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company, provided always that new ordinary shares so allotted and issued, will not be entitled to any dividends, rights, allotments and/or other distributions declared, where the entitlement date of which is prior to date of allotment and issuance of the new ordinary shares.

(e) The vesting conditions are determined by the Group's ESOS committee.

The option prices and the details in the movement of the options granted are as follows:-

Grant date	Expiry date	Exercise price RM	01.06.2021 Unit	Granted Unit	Exercised Unit	Forfeited Unit	31.05.2022 Unit
18.11.2021	02.11.2026	0.468	-	38,415,800	-	(1,422,000)	36,993,800

During the financial year, the Company has granted 38,415,800 share options under the ESOS plan and will expire on 2 November 2026. As at the end of the financial year, a total 1,422,000 units of ESOS issued has been forfeited as a result of resignation of certain eligible employees.

In current financial year, the Group has recognised RM3,298,324 of ESOS expenses in profit and loss and expected to incur the remaining estimated ESOS expenses of RM4,509,219 over the remaining vesting period.

17. RESERVES (cont'd)

(ii) ESOS (cont'd)

The fair value of ESOS granted during the financial year was estimated using the Trinomial Option Pricing model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at grant date and the assumptions are as follows:

	2022
Fair value at grant date (RM)	0.22
Weighted average share price (RM) at grant date	0.510
Exercise price (RM)	0.468
Risk-free interest (%)	3.021
Expected volatility (%)	43.18
Expected life (years)	5

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. No other feature of the option was incorporated into the measurement of fair value.

18. LEASE LIABILITIES

	Group 2022 RM	2021 RM
Minimum lease payment:		
Repayable within one year	301,517	303,389
Repayable between one to two years	220,000	262,285
	521,517	565,674
Less: Future finance charges	(24,554)	(25,370)
Present value of lease liability	496,963	540,304
Present value of lease liability:		
Repayable within one year	282,884	284,010
Repayable between one to two years	214,079	256,294
	496,963	540,304
Representing:		
Current portion	282,884	284,010
Non-current portion	214,079	256,294
	496,963	540,304

Interest rates per annum of the Group are as follows:

	Group 2022 %	2021 %
Lease liabilities	4.48 - 6.15	4.48 - 6.15

19. BORROWINGS

	Group 2022 RM	2021 RM
Current liabilities		
Term loans	2,677,573	3,530,148
Non-current liabilities		
Term loans	7,872,954	12,826,500
Total borrowings		
Term loans	10,550,527	16,356,648

(a) Maturity profile:

	Group 2022 RM	2021 RM
Current liabilities		
Repayable within one year	2,677,573	3,530,148
Non-current liabilities		
Repayable between one to two years	2,249,787	4,293,162
Repayable between two to five years	3,282,085	4,963,153
Repayable more than five years	2,341,082	3,570,185
	7,872,954	12,826,500
Total	10,550,527	16,356,648

(b) Term loans are secured as follows:

(i) Certain property, plant and equipment as disclosed in Note 9(ii);
(ii) Fixed deposits with licensed banks as disclosed in Note 15;
(iii) Negative pledge over the certain assets of the Group; and
(iv) Joint and several guarantee in favour of the bank by the Directors of the Company.

(c) Interest rate per annum at the reporting date for the borrowings are 3.20% to 5.29% (2021: 3.42% to 5.90%).

20. DEFERRED TAX LIABILITIES

	Group 2022 RM	Group 2021 RM
At beginning of the financial year	6,772,620	5,499,416
Recognised in profit or loss (Note 7)	1,268,078	1,273,204
At end of the financial year	8,040,698	6,772,620

This is in respect of estimated deferred tax liabilities/(assets) arising from temporary differences as follows:

	Group 2022 RM	Group 2021 RM
Deferred tax liabilities		
Difference between the carrying amount of property, plant and equipments and their tax base	8,074,241	6,831,953
Deferred tax assets		
Unabsorbed capital allowances	(16,196)	(36,117)
Other temporary differences	(17,347)	(23,216)
	(33,543)	(59,333)
	8,040,698	6,772,620

21. TRADE PAYABLES

The normal trade credit terms granted by the trade payables to the Group range from 30 to 90 days (2021: 30 to 90 days). Other credit terms are assessed and approved on a case by-case basis.

22. OTHER PAYABLES

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Dividend payable (Note 24)	-	3,884,300	-	3,884,300
Other payables	424,376	1,584,672	45,469	7,928
Accruals	1,809,209	1,653,908	71,000	71,000
	2,233,585	7,122,880	116,469	3,963,228

23. AMOUNTS DUE TO ULTIMATE HOLDING COMPANY

The amounts is non-trade in nature, unsecured, interest free advances which are repayable on demand.

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24. DIVIDEND

	Paid on	Group and Company 2022 RM	Group and Company 2021 RM
Attributable to Owners of the Company:			
Recognised for the financial year ended 31 May 2021			
Interim single tier dividend in respect of financial year ended 31 May 2021 of RM0.01 per ordinary share (Note 22)	4 June 2021	-	3,884,300
Recognised for the financial year ended 31 May 2022			
Final single tier dividend in respect of financial year ended 31 May 2021 of RM0.01 per ordinary share	1 December 2021	3,884,300	-
Interim single tier dividend in respect of financial year ended 31 May 2022 of RM0.0075 per ordinary share	7 March 2022	2,913,225	-
		6,797,525	3,884,300

	Paid on	Group 2022 RM	Group 2021 RM
Attributable to non-controlling interest:			
Recognised for the financial year ended 31 May 2022			
Interim single tier dividend in respect of financial year ended 31 May 2022 of RM0.50 per ordinary share	28 February 2022	327,318	-

25. RELATED PARTY DISCLOSURES

Identify of related parties

For the purposes of these financial statements, parties are considered to be related to the Group and to the Company if the Group and the Company have the ability, directly or indirectly, control or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group and the Company have related party relationships with its subsidiaries, holding company, Director, shareholders and key senior management.

25. RELATED PARTY DISCLOSURES (cont'd)

Identify of related parties

For the purposes of these financial statements, parties are considered to be related to the Group and to the Company if the Group and the Company have the ability, directly or indirectly, control or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group and the Company have related party relationships with its subsidiaries, holding company, Director, shareholders and key senior management.

Related party transactions

Related party balances are disclosed in Notes 14 and 23 respectively.

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Transaction with holding company				
Short term lease	53,279	52,800	-	-
Repayment to	(48,400)	(39,600)	-	-
Transactions with subsidiaries				
Advances to	-	-	(7,511,144)	(4,050,000)
Dividend income	-	-	7,890,000	4,890,000
Transactions with Directors				
Repayment to a Director	-	(11,000)	-	(11,000)

Compensation of key senior management

Key senior management are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key senior management refers to the Directors and certain Officers of the Group and of the Company.

The remunerations paid by the Group and the Company to Directors during the financial year have been disclosed in Note 6(a). The remuneration paid by the Group to key senior management other than Directors are as follows:

	Group	
	2022 RM	2021 RM
Salaries, allowances and bonus	483,568	553,137
Contributions to defined contribution plan	59,582	67,855
Social security contributions	1,657	1,657
ESOS expenses	420,839	-
	965,646	622,649

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26. CAPITAL COMMITMENT

The future capital commitment payable at the reporting date but not recognised as payable is as follows:

	Group	
	2022 RM	2021 RM
Approved and contracted for:		
Leasehold lands	1,619,947	-
Plant and machineries	-	1,309,815
	1,619,947	1,309,815

27. SEGMENTAL INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

Corrugated packaging	Printing and production of corrugated packaging
Non-corrugated packaging	Printing and production of non-corrugated packaging
Rigid boxes	Production and trading of rigid boxes
Others	Printing and production of brochures, leaflets, labels and paper bags as well as investment holding

Except as indicated above, no other operating segments has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated statements of comprehensive income. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Segment assets

Segment assets are measured based on all assets of the segment, excluding deferred tax assets and tax assets.

Segment liabilities

Segment liabilities are measured based on all liabilities of the segment, excluding deferred tax liabilities and tax liabilities.

27. SEGMENTAL INFORMATION (cont'd)

	Note	Corrugated Packaging RM	Non-Corrugated Packaging RM	Rigid boxes RM	Others RM	Adjustment & Elimination RM	Group RM
2022							
External revenue		27,703,982	35,054,096	19,008,917	3,995,636	-	85,762,631
Inter segment revenue	(a)	-	221,007	358,995	8,605,554	(9,185,556)	-
Total revenue		27,703,982	35,275,103	19,367,912	12,601,190	(9,185,556)	85,762,631
Results							
Depreciation	(b)	1,419,504	1,796,111	366,230	973,984	(8,331)	4,547,498
Other non-cash (expenses)/income	(c)	(78,594)	(99,445)	(2,759)	(53,926)	2,859	(231,865)
Segment profit from operations		6,834,454	8,647,696	122,181	4,689,418	(8,225,206)	12,068,543
Assets							
Addition to non-current assets	(d)	2,248,930	2,845,591	497,295	1,543,089	(63,000)	7,071,905
Segment assets	(e)	75,248,599	95,212,725	9,074,157	51,631,365	(87,438,681)	143,728,165
Liabilities							
Segment liabilities	(f)	12,908,372	16,333,079	6,421,803	8,857,001	(22,730,465)	21,789,790

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27. SEGMENTAL INFORMATION (cont'd)

	Note	Corrugated Packaging RM	Non-Corrugated Packaging RM	Rigid boxes RM	Others RM	Adjustment & Elimination RM	Group RM
2021							
External revenue		38,725,075	34,387,851	29,541,759	4,027,235	-	106,681,920
Inter segment revenue	(a)	114,947	3,598	23,188	5,188,645	(5,330,378)	-
Total revenue		38,840,022	34,391,449	29,564,947	9,215,880	(5,330,378)	106,681,920
Results							
Depreciation	(b)	1,895,627	1,683,316	359,134	197,137	(8,331)	4,126,882
Other non-cash expense	(c)	(264,704)	(235,057)	(16,926)	(27,528)	-	(544,216)
Segment profit from operations		11,645,698	10,341,376	544,648	1,211,101	(3,875,969)	19,866,854
Assets							
Addition to non-current assets	(d)	4,781,603	4,246,062	516,512	497,265	-	10,041,442
Segment assets	(e)	106,631,109	94,688,385	8,141,138	11,089,160	(71,803,470)	148,746,322
Liabilities							
Segment liabilities	(f)	19,042,305	16,909,560	5,362,826	1,980,316	(9,910,260)	33,384,746

27. SEGMENTAL INFORMATION (cont'd)

(a) Inter-segment revenues are eliminated on combination.

(b) The following items are added to segment profit to arrive at segment profit from operations presented in the statements of comprehensive income:

	Group 2022 RM	Group 2021 RM
Depreciation of property, plant and equipment	(8,331)	(8,331)

(c) Other material non-cash expenses consist of the following items as presented in the respective notes to the combined financial statements:

	Group 2022 RM	Group 2021 RM
Bad debts written off	-	5,622
Gain on disposal of property, plant and equipment	(34,999)	(192,411)
Gain on lease modification	(4,943)	-
Impairment loss on trade receivables	-	13,822
Reversal of impairment loss on trade receivables	(83,558)	-
Reversal of over-accrued interest expenses	-	(285,758)
Reversal of inventory allowances	(80,397)	(66,466)
Unrealised gain on foreign exchange	(27,968)	(19,025)
	(231,865)	(544,216)

(d) Additions to non-current assets consist of:

	Group 2022 RM	Group 2021 RM
Property, plant and equipment		
- Addition	6,618,299	9,630,397
- Renewal of lease	453,606	411,045
	7,071,905	10,041,442

(e) Reconciliation of assets

	Group 2022 RM	Group 2021 RM
Segments assets	143,728,165	148,746,322
Tax recoverable	3,478,732	4,040,594
Total assets	147,206,897	152,786,916

27. SEGMENTAL INFORMATION (cont'd)

(e) Reconciliation of assets (cont'd)

The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	Group 2022 RM	Group 2021 RM
Investments in subsidiaries	(63,938,866)	(61,118,388)
Property, plant and equipment	(769,350)	(774,822)
Inter-segment assets	(22,730,465)	(9,910,260)
	(87,438,681)	(71,803,470)

(f) Reconciliation of liabilities

	Group 2022 RM	Group 2021 RM
Segments liabilities	21,789,790	33,384,746
Deferred tax liabilities	8,040,698	6,772,620
Tax payable	69,193	3,724
Total liabilities	29,899,681	40,161,090

The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	Group 2022 RM	Group 2021 RM
Inter-segment liabilities	(22,730,465)	(9,910,260)

28. FINANCIAL INSTRUMENTS

Categories of financial instruments

The Group's and the Company's categorised its financial assets (excluding prepayments) and financial liabilities are all categorised at amortised cost respectively.

Financial Risk Management Objectives and Policies

The Group's and the Company's activities are exposed to a variety of financial risks which include credit risk, liquidity risk, foreign currency risk, and interest rate risk. The Group's and the Company's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and the Company's financial performance.

28. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

Risk management is integral to the whole business of the Group and of the Company. Management continually monitors the Group's and the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Group's and the Company's activities.

There have been no changes to the Group's and the Company's exposure to these financial risks or the manner in which it manages and measures the risk.

(i) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from their receivables (which consist of trade receivables, other receivables and amounts due from subsidiaries). For other financial assets (including cash and bank balances, short-term fund and fixed deposits with licensed banks), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised 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, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Trade receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit risk is minimised and monitored via strictly limiting the Company's association to business partners with good credit rating. Credit evaluations are performed on all customers requiring credit over a certain amount.

At each reporting date, the Group assesses whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired receivables are written off (either partially of full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to write-off. Nevertheless, receivables that are written off could still be subject to enforcement activities.

Exposure to credit risk, credit quality and collateral

As the Group does not hold any collateral, the maximum exposure to credit risk from receivables and financial assets represented by the carrying amounts in the statements of financial position as at end of the reporting period.

28. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(i) Credit risk (cont'd)

Trade receivables (cont'd)

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the profiles of its receivables on an ongoing basis.

As at 31 May 2022, the Group's major concentration of credit risk relates to the amounts owing by 6 (2021: 9) customers which constituted approximately 63% (2021: 70%) of gross trade receivables of the Group.

Recognition and measurement of impairment loss

The Group applies the MFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for trade receivables.

The Group assesses impairment of trade receivables on individual and collective basis.

For individual assessment, it is due to the number of debtors is minimal and these debtors can be individually managed by the Group in an effective and efficient manner. The Group has reasonable and supportable information available to assess the impairment individually. All these customers have low risk of default.

For collective assessment, the Group uses an allowance matrix to measure ECL of collective assessed receivables as they are grouped based on shared credit risk characteristics, the days past due and similar types of contracts which have similar risk characteristics.

Loss rates under collective assessment are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to 365 days past due. Loss rates are based on actual credit loss experienced over the past three years. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables.

Consistent with the debt recovery process, invoices which are more than 365 days past due as applicable to the relevant Group's entities will be considered as credit impaired.

28. FINANCIAL INSTRUMENTS (cont'd)

Financial risks management objectives and policies (cont'd)

(i) Credit risk (cont'd)

Trade receivables (cont'd)

Recognition and measurement of impairment loss (cont'd)

The following table provides information about the exposure to credit risk and ECL for trade receivables as at 31 May 2022 and 31 May 2021.

	Gross RM	Loss Allowances RM	Net RM
Group			
2022			
Not past due nor impaired	13,095,308	-	13,095,308
Past due not impaired:			
Less than 30 days	5,412,465	-	5,412,465
31 to 60 days	2,223,307	-	2,223,307
61 to 90 days	1,690,999	-	1,690,999
91 to 120 days	959,707	-	959,707
More than 120 days	1,621,568	-	1,621,568
	11,908,046	-	11,908,046
Credit impaired			
Individually impaired	12,484	(12,484)	-
	25,015,838	(12,484)	25,003,354
Group			
2021			
Not past due nor impaired	16,377,183	(2,386)	16,374,797
Past due not impaired:			
Less than 30 days	6,477,421	(3,313)	6,474,108
31 to 60 days	1,010,228	(1,666)	1,008,562
61 to 90 days	1,887,058	(3,226)	1,883,832
91 to 120 days	1,048,108	(3,745)	1,044,363
More than 120 days	1,265,849	(69,222)	1,196,627
	11,688,664	(81,172)	11,607,492
Credit impaired			
Individually impaired	12,484	(12,484)	-
	28,078,331	(96,042)	27,982,289

28. FINANCIAL INSTRUMENTS (cont'd)

Financial risks management objectives and policies (cont'd)

(ii) Credit risk (cont'd)

Trade receivables (cont'd)

Recognition and measurement of impairment loss (cont'd)

Receivables that are past due but not impaired

The Group has not provided for these trade receivables as there has been no significant change in their credit quality and the amounts are still considered recoverable which are not more than 365 days past due. These relate to a number of independent customers for whom there is no recent history of default.

Credit impaired

Trade receivables that are collectively determined to be impaired at the reporting date relate to debtors that are in financial difficulties. These receivables are not secured by any collateral or credit enhancements.

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the combined statements of financial position. These banks and financial institutions have low credit risks. Hence, a loss allowance is not necessary.

Other receivables and deposits

Other receivables and deposits are neither past due nor impaired. The Group believes that generally no allowance for doubtful debts is necessary in respect of other receivables and deposits that are neither past due nor impaired as these receivables and deposits are mainly arising from debtors that have good records of payment in the past.

Inter-company loans and advances

The Company provides unsecured loans and advances to its subsidiaries. The Company monitors the ability of the subsidiaries to repay the loans and advances on an individual basis.

As at the end of the financial year, the maximum exposure to credit risk arising from amounts due from subsidiaries is represented by the carrying amount in the statement of financial position. Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

Generally, the Company considers loans and advances to subsidiaries has low credit risk. The Company assumes that there is a significant increase in credit risk when the subsidiaries' financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be credit impaired when the subsidiaries are unlikely to repay their loans or advances to the Company in full given insufficient highly liquid resources when the loans are demanded.

28. FINANCIAL INSTRUMENTS (cont'd)

Financial risks management objectives and policies (cont'd)

(i) Credit risk (cont'd)

Inter-company loans and advances (cont'd)

The Company determines the probability of default for these loans and advances individually using internal information available.

As at the year end, there were no indications of impairment loss in respect of amounts due from subsidiaries.

(ii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations associate with financial liabilities. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group and the Company practice prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

All of the Company's liabilities at the reporting date mature within one year or repayable on demand.

28. FINANCIAL INSTRUMENTS (cont'd)

Financial risks management objectives and policies (cont'd)

(ii) Liquidity risk (cont'd)

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):

	Carrying amount RM	Contractual cash flows RM	<------ Contractual Cash Flows ------> On demand/ Within one year RM	1 to 2 years RM	2 to 5 years RM	Over 5 years RM
Group						
2022						
Financial liabilities						
Amount due to ultimate holding company	18,079	18,079	18,079	-	-	-
Trade payables	8,490,636	8,490,636	8,490,636	-	-	-
Other payables	2,233,585	2,233,585	2,233,585	-	-	-
Borrowings	10,550,527	11,969,526	3,038,294	2,513,442	3,661,681	2,756,109
Lease liabilities	496,963	521,517	301,517	220,000	-	-
	21,789,790	23,233,343	14,082,111	2,733,442	3,661,681	2,756,109
Group						
2021						
Financial liabilities						
Amount due to ultimate holding company	13,200	13,200	13,200	-	-	-
Trade payables	9,351,714	9,351,714	9,351,714	-	-	-
Other payables	7,122,880	7,122,880	7,122,880	-	-	-
Borrowings	16,356,648	18,573,925	4,150,795	4,909,409	5,574,230	3,939,491
Lease liabilities	540,304	565,674	303,389	262,285	-	-
	33,384,746	35,627,393	20,941,978	5,171,694	5,574,230	3,939,491

28. FINANCIAL INSTRUMENTS (cont'd)

Financial risks management objectives and policies (cont'd)

(iii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk on financial assets and financial liabilities that are denominated in a currency other than the functional currency of the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD") and Singapore Dollar ("SGD").

The Group also holds cash and cash equivalents denominated in foreign currencies to pay its foreign purchases as a natural hedge against fluctuations in foreign currency risk.

Foreign exchange exposures in transactional currencies other than functional currency of the Group are kept to an acceptable level.

Exposure to foreign currency risk

The Group's exposure to foreign currency risk, based on carrying amounts as at end of the reporting period was:

	USD RM	SGD RM
Group		
2022		
Financial assets		
Trade receivables	2,663,815	25,875
Cash and bank balances	3,802,524	18,615
	6,466,339	44,490
Financial liability		
Trade payables	439	-
2021		
Financial assets		
Trade receivables	1,483,902	39,773
Cash and bank balances	1,526,385	-
	3,010,287	39,773
Financial liability		
Trade payables	9,865	-

28. FINANCIAL INSTRUMENTS (cont'd)

Financial risks management objectives and policies (cont'd)

(iii) Foreign currency risk (cont'd)

Foreign currency risk sensitivity analysis

A 10% strengthening/weakening of the functional currency of the Group against the foreign currencies at the end of the reporting period would have increased/(decreased) profit after tax and equity by the amounts shown below:

	Increase/(Decrease) in profit after tax/equity 2022 RM	2021 RM
Group		
USD/RM - strengthened 10%	491,408	228,032
- weakened 10%	(491,408)	(228,032)
		-
SGD/RM - strengthened 10%	3,381	3,023
- weakened 10%	(3,381)	(3,023)

(iv) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities.

In respect of interest-bearing financial assets and liabilities, the effective interest rates at the reporting date and the maturity periods are disclosed in Notes 15 and 19 respectively.

Exposure in interest rate risk

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Floating rate instrument:				
Financial assets				
Fixed deposits with licensed banks	15,000,457	5,800,517	-	-
Short-term fund	13,529,494	21,181,084	9,235,279	21,181,084
	28,529,951	26,981,601	9,235,279	21,181,084
Financial liability				
Term loans	(10,550,527)	(16,356,648)	-	-
	17,979,424	10,624,953	9,235,279	21,181,084

28. **FINANCIAL INSTRUMENTS** (cont'd)

Financial risks management objectives and policies (cont'd)

(iv) Interest rate risk (cont'd)

Exposure in interest rate risk (cont'd)

The Group and the Company are exposed to interest rate risk through the impact of rate changes in floating rate fixed deposits with licensed banks, short-term fund and term loans. The changes of 10 basis points in interest rates would not have material impact on the profit or loss of the Group and of the Company.

29. FAIR VALUE INFORMATION

Financial instrument other than those carried at fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of long-term floating rate borrowings approximate their fair value as the borrowings will be repriced to market interest rate on or near reporting date.

The carrying amounts of short-term financial assets and financial liabilities approximate their fair values due to relatively short-term nature of these financial instruments and insignificant impact of discounting.

30. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholders value.

The Group manages its capital structure and adjusts it, in light of changes in economic and business conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group manages its capital based on the debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as total debt divided by total equity (excluding non-controlling interests).

	Group	
	2022 RM	**2021 RM**
Borrowings	10,550,527	16,356,648
Lease liabilities	496,963	540,304
Total debts	11,047,490	16,896,952
Total equity attributable to the Owners of the Company	115,487,174	110,564,567
Debt-to-equity ratio	0.10	0.15

The Group is not subject to any externally imposed capital requirements.

There were no changes in the Group's approach to capital management during the financial year.

31. RESTRUCTURING EXERCISE

In prior year, in conjunction with, and as integral part of the listing of the Company's shares on the ACE Market of Bursa Malaysia Securities Berhad, the Company has undertaken the following restructuring exercise:

(a) On 11 November 2019, the Company acquired 100% equity interest in Hayan Prints (M) Sdn. Bhd., for a consideration of RM53,951,000 by way of issuance of 269,755,000 new ordinary shares. Upon the acquisition, Hayan Prints (M) Sdn. Bhd. became a wholly-owned subsidiary of the Company. The acquisition was completed on 30 November 2020.

(b) On 11 November 2019, the Company acquired 100% equity interest in Hayan Packaging Sdn. Bhd., for a consideration of RM6,001,000 by way of issuance of 30,005,000 new ordinary shares. Upon the acquisition, Hayan Packaging Sdn. Bhd. became a wholly-owned subsidiary of the Company. The acquisition was completed on 30 November 2020.

For the purpose of accounting for the restructuring exercise, the Group has applied book value accounting on the basis that the restructuring exercise does not constitute a business combination to which acquisition accounting can be applied. Under book value accounting, the difference between cost of investment recorded by the Company and the share capitals of Hayan Prints (M) Sdn. Bhd. and Hayan Packaging Sdn. Bhd. is accounted for as restructuring reserve (Note 17(a)) as follows:

	RM
New shares issued by the Company as consideration for the acquisition of subsidiaries:	
- Hayan Prints (M) Sdn. Bhd. and its subsidiary	53,951,000
- Hayan Packaging Sdn. Bhd. and its subsidiary	6,001,000
	59,952,000
Reversal of issued and paid-up share capital (Contributed Capital):	
- Hayan Prints (M) Sdn. Bhd. and its subsidiary	(3,000,000)
- Hayan Packaging Sdn. Bhd. and its subsidiary	(2,500,000)
	(5,500,000)
Restructuring reserve	54,452,000

32. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

ESOS

As disclosed in the last year's report, on 6 August 2021, the Company proposed to undertake the establishment of ESOS of up to 15% of the total number of issued shares of the Company at any point of time during the duration of the scheme for the eligible Directors and employees of the Group. The effective date for implementation of the ESOS was on 2 November 2021.

Subsequently, the Company had on 18 November 2021, offered 38,415,800 options at an exercise price of RM0.468 per share to the eligible Directors and employees. As at the end of the financial year, a total 1,422,000 units of ESOS issued has been forfeited as a result of resignation of certain eligible employees.

Further details of the ESOS are disclosed in Note 17(ii).

32. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (cont'd)

Covid-19

The Group temporarily ceased its operations in four (4) of the manufacturing facilities located in Taman Teknologi Cheng, Melaka from 3 to 13 August 2021 as a result of COVID-19 positive cases. The Group resumed its operations in these facilities on 14 August 2021. As at 31 May 2022, all employees have been fully vaccinated and 90% of employees have received their first booster dose. Notwithstanding that COVID-19 has now transitioned to the endemic phase, the Board of Directors of the Company will continue to assess the impact of COVID-19 on the Group's operations and financial performance.

Acquisition of property, plant and equipment

On 1 March 2022, the Group has entered into a Sales And Purchase Agreement ("SPA") with Lekok Paper Sdn. Bhd. to purchase 2 pieces of lands located at No. Hakmilik 34330 & 34331, Lot 8522 & 8523 Mukim of Cheng, District of Melaka Tengah.

As at the reporting date, the Group has paid a deposit of RM179,994 as disclosed in Note 13 and the remaining balance of the cost of acquisition is disclosed at Note 26.

The Group plans to construct a 4-storey factory on the newly acquired land, and are currently in the process of engaging with the relevant authorities and professional advisers on this matter. The construction will be funded through a combination of internally generated fund and bank borrowings.

33. EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 22 July 2022, the Directors proposed a final single tier dividend of RM0.0075 per ordinary share for the financial year ended 31 May 2022 which is subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for as equity as an appropriation of retained earnings in the financial year ending 31 May 2023.

34. COMPARATIVE FIGURES

The comparative figures have been reclassified to conform with the current year's presentation:

	As previously reported RM	As Restated RM
Statement of financial position		
Current liabilities		
Other payables	7,136,080	7,122,880
Amount due to ultimate holding company	-	13,200
Statement of cash flows		
Cash Flows from Operating Activities		
Changes in working capital:		
Payables	4,051,276	4,038,076
Cash Flows from Financing Activities:		
Amount due to ultimate holding company	-	13,200

LIST OF PROPERTIES

Postal Address	Description/ Existing use	Land Area (sq. ft)	Built-up area (sq. ft)	Approximate age of buildings	Tenure / Date of expiry of lease	Date of acquisition	Net book value as at 31 May 2022 (RM'000)
No. 22A, Jalan TTC 28, Taman Teknologi Cheng, 75250 Melaka	Description: 1 unit of single storey detached factory* together with double storey office Existing use: Factory and office	28,901.10	39,037.00	17	99 years expiring on 14 August 2096 (remaining tenure 74 years)	5/11/2003	1,474
No. 22, Jalan TTC 28, Taman Teknologi Cheng, 75250 Melaka	Description: 1 unit of single storey detached factory* together with warehouse Existing use: Factory and warehouse	27,889.29	The built-up area of 39,037.00 sq. ft. (as above) is for both units No. 22, Jalan TTC 28, Taman Teknologi Cheng and No. 22A, Jalan TTC 28, Taman Teknologi Cheng	17	99 years expiring on 14 August 2096 (remaining tenure 74 years)	5/11/2003	1,130
No. 38, Jalan TTC 28, Taman Teknologi Cheng, 75250 Melaka	Description: 1 unit of single storey detached factory Existing use: Factory	27,501.80	11,322.02	4	99 years expiring on 14 August 2096 (remaining tenure 74 years)	3/5/2016	3,451
No. 37, Jalan TTC 29, Taman Teknologi Cheng, 75250 Melaka	Description: 1 unit of single storey detached factory together with 3 storey offices Existing use: Factory and office	21,517.06	15,055.27	3	99 years expiring on 14 August 2096 (remaining tenure 74 years)	3/5/2016	3,025

Postal Address	Description/ Existing use	Land Area (sq. ft)	Built-up area (sq. ft)	Approximate age of buildings	Tenure / Date of expiry of lease	Date of acquisition	Net book value as at 31 May 2022 (RM'000)
No. 12, Jalan TTC 28, Taman Teknologi Cheng, 75250 Melaka	Description: 1 unit of single storey detached factory together with warehouse and 1 unit of double storey office Existing use: Warehouse	21,958.00	14,815.02	15	99 years expiring on 14 August 2096 (remaining tenure 74 years)	23/8/2017	2,574
No. 14, Jalan TTC 28, Taman Teknologi Cheng, 75250 Melaka	Description: 1 unit of single storey detached factory together with warehouse and office Existing use: Factory and warehouse	22,249.00	9,881.27	17	99 years expiring on 14 August 2096 (remaining tenure 74 years)	30/12/2009	972
No. 28, Jalan TTC 30, Taman Teknologi Cheng, 75250 Melaka	Description: 1 unit of single storey detached factory together with office Existing use: Factory and warehouse	51,871.28	28,481.31	15	99 years expiring on 14 August 2096 (remaining tenure 74 years)	14/9/2018	6,232

Note:
**The single storey detached factory is built across adjoining No. 22A, Jalan TTC 28, Taman Teknologi Cheng, 75250 Melaka and No. 22, Jalan TTC 28, Taman Teknologi Cheng, 75250 Melaka.*

ANALYSIS OF SHAREHOLDINGS

Total Number of Issued Shares : 388,430,000 ordinary shares
Class of Shares : Ordinary Shares
Voting Rights : One vote per share

Holdings	No. of Shareholders	% of Shareholders	No. of Shares held	% of Issued Capital
Less than 100 shares	7	0.23	100	0.00
100 to 1,000 shares	451	14.72	305,200	0.08
1,001 to 10,000 shares	1,524	49.74	8,494,100	2.19
10,001 to 100,000 shares	932	30.42	32,487,600	8.36
100,001 to 19,421,499 shares (*)	147	4.80	96,827,140	24.93
19,421,500 shares and above (**)	3	0.10	250,315,860	64.44
Total	**3,064**	**100.00**	**388,430,000**	**100.00**

Notes:
* - Less than 5% of issued shares
** - 5% and above of issued shares

SUBSTANTIAL SHAREHOLDERS

As at 30 August 2022

Name	Direct Interest No. of Shares Held	%	Indirect Interest No. of Shares Held	%
Aurora Meadow Sdn. Bhd.	200,895,630	51.72	-	-
Ang Poh Geok	26,128,702	6.73	-	-
Kok Hon Seng	23,291,528	6.00	214,800,295[1]	55.30
Lau Tee Tee @ Lau Kim Wah	7,688,268	1.98	207,847,837[2]	53.51
Ng Soh Hoon	13,904,665	3.58	224,187,158[3]	57.72
Chong Fea Chin	6,952,207	1.79	208,583,898[4]	53.70

Notes:

1. Deemed interest by virtue of his and his spouse, Ng Soh Hoon's interest in Aurora Meadow Sdn. Bhd. and Ng Soh Hoon's direct interest in HPP Holdings pursuant to Section 8 of the Companies Act 2016 ("Act").

2. Deemed interest by virtue of his and his spouse, Chong Fea Chin's interest in Aurora Meadow Sdn. Bhd. and Chong Fea Chin's direct interest in HPP Holdings pursuant to Section 8 of the Act.

3. Deemed interest by virtue of her and her spouse, Kok Hon Seng's interest in Aurora Meadow Sdn. Bhd. and Kok Hon Seng's direct interest in HPP Holdings pursuant to Section 8 of the Act.

4. Deemed interest by virtue of her and her spouse, Lau Tee Tee @ Lau Kim Wah's interest in Aurora Meadow Sdn. Bhd. and Lau Tee Tee @ Lau Kim Wah's direct interest in HPP Holdings pursuant to Section 8 of the Act.

DIRECTORS' SHAREHOLDINGS

As at 30 August 2022

Name	Direct Interest No. of Shares Held	%	Indirect Interest No. of Shares Held	%
Lau Tee Tee @ Lau Kim Wah	7,688,268	1.98	207,847,837[1]	53.51
Kok Hon Seng	23,291,528	6.00	214,800,295[2]	55.30
Ng Soh Hoon	13,904,665	3.58	224,187,158[3]	57.72
Philip Goh Teck Siang	200,000	0.05	-	-
Choo Chee Beng	-	-	-	-
Lee Chong Leng	400,000	0.10	-	-

Notes:

1. Deemed interest by virtue of his and his spouse, Chong Fea Chin's interest in Aurora Meadow Sdn. Bhd. and Chong Fea Chin's direct interest in HPP Holdings pursuant to Section 8 of the Act.
2. Deemed interest by virtue of his and his spouse, Ng Soh Hoon's interest in Aurora Meadow Sdn. Bhd. and Ng Soh Hoon's direct interest in HPP Holdings pursuant to Section 8 of the Act.
3. Deemed interest by virtue of her and her spouse, Kok Hon Seng's interest in Aurora Meadow Sdn. Bhd. and Kok Hon Seng's direct interest in HPP Holdings pursuant to Section 8 of the Act.

THIRTY LARGEST SHAREHOLDERS

As at 30 August 2022

No.	Name of holders	No. of Shares	%
1	Aurora Meadow Sdn. Bhd.	200,895,630	51.72
2	Ang Poh Geok	26,128,702	6.73
3	Kok Hon Seng	23,291,528	6.00
4	Ng Soh Hoon	13,904,665	3.58
5	Lau Tee Tee @ Lau Kim Wah	7,688,268	1.98
6	Malacca Equity Nominees (Tempatan) Sdn Bhd (Exempt An For Phillip Capital Management Sdn Bhd)	7,636,900	1.97
7	Chong Fea Chin	6,952,207	1.79
8	CIMB Group Nominees (Tempatan) Sdn Bhd (CIMB Commerce Trustee Berhad for Kenanga Shariah Growth Opportunities Fund)	6,502,800	1.67
9	Malacca Equity Nominees (Tempatan) Sdn Bhd (Exempt An For Phillip Capital Management Sdn Bhd)	4,493,900	1.16
10	CIMB Group Nominees (Tempatan) Sdn Bhd (CIMB Commerce Trustee Berhad For Kenanga Growth Opportunities Fund)	4,127,500	1.06
11	Malacca Equity Nominees (Tempatan) Sdn Bhd (Exempt An For Phillip Capital Management Sdn Bhd)(EPF)	3,247,000	0.84

ANALYSIS OF SHAREHOLDINGS

THIRTY LARGEST SHAREHOLDERS

As at 30 August 2022

No.	Name of holders	No. of Shares	%
12	Ooi Lee Peng	3,072,800	0.79
13	Malacca Equity Nominees (Tempatan) Sdn Bhd (Exempt An For Phillip Capital Management Sdn Bhd)	1,649,100	0.42
14	CIMB Group Nominees (Tempatan) Sdn Bhd (CIMB Commerce Trustee Berhad for Maybank Malaysia SmallCap Fund)	1,200,000	0.31
15	Ng Chet Luk	1,200,000	0.31
16	CGS-CIMB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Ang Kok Seong)	1,070,500	0.28
17	Yap Kian Yen	1,050,200	0.27
18	Liu Chong Yew	1,000,000	0.26
19	Maybank Nominees (Tempatan) Sdn Bhd (Maybank Trustees Berhad for Kenanga EquityExtra Fund)	896,400	0.23
20	Ramesh A/L Palaniyandy	800,000	0.21
21	Ikhwan Muda Sdn Bhd	651,600	0.17
22	RHB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Piong Teck Yen)	630,000	0.16
23	Maybank Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Ang Kok Seong)	623,300	0.16
24	RHB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Ji Jock Wah)	614,600	0.16
25	RHB Capital Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Ooi Lee Peng)	606,000	0.16
26	Ji Yeh Ming	600,000	0.15
27	Malacca Equity Nominees (Tempatan) Sdn Bhd (Exempt An For Phillip Capital Management Sdn Bhd)	572,500	0.15
28	Ng Kok Wah	550,000	0.14
29	Ng Ah Bah @ Ng See Kai	523,800	0.13
30	Piong Teck Onn	500,000	0.13
	Total	**321,679,900**	**83.09**

HPP HOLDINGS BERHAD
(Registration No.: 201801043588 (1305620-D))
(Incorporated in Malaysia)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fourth Annual General Meeting of the Company will be convened and held at Grand Hibiscus Ballroom, Level 3A, Swiss-Garden Hotel Melaka, T2-4 The Shore @ Melaka River, Jalan Persisiran Bunga Raya, 75300 Melaka Tengah, Melaka, Malaysia on Thursday, 27 October 2022 at 11.00 a.m. for the following purposes:-

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 May 2022 together with the Reports of the Directors and the Auditors thereon. **(Please refer to Note 9)**

2. To declare a final single-tier dividend of 0.75 sen per ordinary share in respect of the financial year ended 31 May 2022. **Ordinary Resolution 1**

3. To approve the payment of Directors' fees and benefits payable to the Directors of the Company and its subsidiaries up to an aggregate amount of RM712,000.00 only for the period from 28 October 2022 until the conclusion of the next Annual General Meeting ("**AGM**") of the Company. **Ordinary Resolution 2**

4. To re-elect the following Directors who are retiring pursuant to Clause 76(3) of the Constitution of the Company: -

   (i) Mr. Choo Chee Beng; and **Ordinary Resolution 3**
   (ii) Mr. Lee Chong Leng. **Ordinary Resolution 4**

5. To appoint BDO PLT as Auditors of the Company in place of the retiring Auditors, Moore Stephens Associates PLT and to authorise the Directors to fix their remuneration. **Ordinary Resolution 5**

As Special Business

To consider and, if thought fit, to pass the following resolutions: -

6. **Authority under Section 76 of the Companies Act 2016 ("the Act") for the Directors to allot and issue shares**

   "THAT pursuant to Section 76 of the Act, the Directors be and are hereby authorised to allot and issue shares in the Company at any time until the conclusion of the next AGM and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being, subject always to the approval of all relevant regulatory bodies being obtained for such allotment and issuance.

   THAT pursuant to Section 85 of the Act, read together with Clause 12(1) of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares of the Company arising from issuance of new shares pursuant to this mandate.

   AND THAT the new shares to be issued shall, upon allotment and issuance, rank equally in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new shares." **Ordinary Resolution 6**

7. To transact any other business for which due notice shall have been given in accordance with the Act.

NOTICE OF DIVIDEND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT, subject to the approval of the shareholders at the Fourth AGM, a final single-tier dividend of 0.75 sen per ordinary share in respect of the financial year ended 31 May 2022 will be paid on 30 November 2022 to Depositors whose names appear in the Record of Depositors on 16 November 2022.

A Depositor shall qualify for entitlement to the Dividend only in respect of: -

a) Shares transferred to the Depositor's securities account before 4.30 p.m. on 16 November 2022 in respect of ordinary transfers.

b) Shares bought on the Bursa Malaysia Securities Berhad ("**Bursa Securities**") on a cum entitlement basis according to the Rules of the Bursa Securities.

BY ORDER OF THE BOARD

TAI YIT CHAN (MAICSA 7009143) (SSM PC No. 202008001023)
TAN AI NING (MAICSA 7015852) (SSM PC No. 202008000067)
LIM SENG KOON (MAICSA 7073229) (SSM PC No. 202008004364)

Secretaries

Selangor Darul Ehsan

Date: 23 September 2022

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.

2. A member of the Company may appoint up to two (2) proxies to attend and vote at the same meeting. Where a member of the Company appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholdings to be represented by each proxy.

3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised

nominee defined under the Securities Industry (Central Depositories) Act 1991 ("**SICDA**") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.

5. The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall be deposited at the office of the Company's Share Registrar, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time appointed for holding the meeting or adjourned meeting.

6. Pursuant to Rule 8.31A of the ACE Market Listing Requirements of Bursa Securities, all the resolutions set out in the notice of the general meeting will be put to vote by way of poll. Poll administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.

7. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company a Record of Depositors as at 18 October 2022 and only a Depositor whose name appears in such Record of Depositors shall be entitled to attend and vote at this meeting and entitled to appoint proxy or proxies.

8. The Board wishes to highlight that the Fourth AGM may be re-scheduled and/or postponed in view of the current COVID-19 outbreak and the Malaysian Government's announcements or guidelines made from time to time. Rest assured, all members/proxies including attendees shall be kept informed of any unexpected changes.

9. The Audited Financial Statements in Agenda 1 is meant for discussion only as approval from shareholders is not required pursuant to the provision of Section 340(1)(a) of the Act. Hence, this Agenda is not put forward for voting by shareholders of the Company.

10. Explanatory Notes: -

(i) **Ordinary Resolution 2 on Directors' fees and benefits payable to Directors**

Payment of Directors' fees and benefits under Section 230(1) of the Act provides amongst others, that the Directors' fees and any benefits payable to the Directors of the Company and its subsidiaries shall be approved at a general meeting. There is no revision to the amount proposed.

The amount of Directors' fees to each Director of the Company and its subsidiaries are as follows:-

Directors	**Amount (RM)**
HPP Holdings Berhad:-	
Mr. Lau Tee Tee @ Lau Kim Wah	96,000.00
Mr. Kok Hon Seng	96,000.00
Madam Ng Soh Hoon	96,000.00
Mr. Philip Goh Teck Siang	60,000.00
Mr. Choo Chee Beng	36,000.00
Mr. Lee Chong Leng	36,000.00
Subsidiary – Hayan Prints (M) Sdn. Bhd.:-	
Mr. Lau Tee Tee @ Lau Kim Wah	60,000.00
Mr. Kok Hon Seng	60,000.00
Mr. Teng Tian Hee	60,000.00

In determining the estimated total amount of Directors' fees and benefits payable to the Directors of the Company, the Board has considered various factors including the number of scheduled meetings for the Board and Board Committees, and general meeting and provisional sum as a contingency for future appointment of Directors on the Board. The meeting allowance for an Independent Non-Executive Director is RM400.00 per meeting.

Payment of Directors' fees and any benefits payable will be made by the Company on a monthly basis or as and when incurred. The Board is of the view that it is just and equitable for the Directors' fees to be paid on monthly basis or as and when incurred, after the Directors have discharged their responsibilities and rendered their services to the Company.

(ii) **Ordinary Resolutions 3 and 4 on Re-election of Directors**

The profiles of the Directors who are standing for re-election as per Agenda item 4 are set out in the Board of Directors' profile of the Annual Report 2022.

The performance of the retiring Directors, namely Mr. Choo Chee Beng ("**Mr. Choo**") and Mr. Lee Chong Leng ("**Mr. Lee**") has been assessed by the Board via Nomination Committee. Both Mr. Choo and Mr. Lee have abstained from deliberations and decision on their own eligibility and suitability to stand for re-election at the relevant Nomination Committee Meeting and Board of Directors' Meeting.

Based on the recommendation of Nomination Committee, the Board endorsed the same, having being satisfied with the performance, contribution, independence as well as the fitness and properness of each of the retiring Directors based on the following justifications:-

Ordinary Resolution 3: Re-election of Mr. Choo as Independent Non-Executive Director

1. Mr. Choo fulfils the requirements of independence set out in the ACE Market Listing Requirements of Bursa Securities. He remains objective and independent in expressing his view and participating in Board's deliberations and decision-making process.

2. Mr. Choo devotes sufficient time commitment and attention during meetings and has extensive experience and knowledge in finance related functions, involving financial and tax planning, corporate exercise managements, turnaround management, cash flow and fund management amongst others, which enables him to provide the Board with a diverse set of expertise and perspective.

3. Mr. Choo has shown integrity and exercised his due care and carried out his professional duties proficiently during his tenure as Independent Non-Executive Director of the Company.

Ordinary Resolution 4: Re-election of Mr. Lee as Independent Non-Executive Director

1. Mr. Lee fulfils the requirements of independence set out in the ACE Market Listing Requirements of Bursa Securities. He remains objective and independent in expressing his view and participating in Board's deliberations and decision-making process.

2. Mr. Lee devotes sufficient time commitment and attention during meetings and has extensive experience in tax advisory services, involving audit, tax and other corporate matters, where his expertise and skillset complement the current Board's competencies.

3. Mr. Lee has shown integrity and exercised his due care and carried out his professional duties proficiently during his tenure as Independent Non-Executive Director of the Company.

(iii) **Ordinary Resolution 5 - Appointment of BDO PLT as the Auditors of the Company**

The Board of Directors is proposing to shareholders that BDO PLT be appointed as the Auditors of the Company for the financial year ending 31 May 2023, in place of the retiring Auditors, Moore Stephens Associates PLT, following an extensive tender and in line with the best practice.

The Board of Directors would like to thank Moore Stephens Associates PLT for their diligence and dedications.

(iv) **Ordinary Resolution 6 - Authority pursuant to Section 76 of the Act for the Directors to Allot and Issue Shares**

The Ordinary Resolution 6 proposed under item 6 of the Agenda is to obtain a general mandate for issuance of shares by the Company under Section 76 of the Act. The Ordinary Resolution 6, if passed, will provide flexibility for the Company and empower the Directors to allot and issue new shares in the Company up to an amount not exceeding in total ten per centum (10%) of the total number of issued shares of the Company for purpose of working capital or provide funding for future investments or undertakings. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

At this juncture, there is no decision to issue new shares but the Directors consider it desirable to have the flexibility permitted to respond to market developments and to enable allotments to take place to finance business opportunities without making a pre-emptive offer to existing shareholders. If there should be a decision to issue new shares after the general mandate is obtained, the Company will make an announcement in respect thereof.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

HPP HOLDINGS BERHAD
(Registration No.: 201801043588 (1305620-D))
(Incorporated in Malaysia)

No. of shares held	
CDS Account No.	

PROXY FORM

I/We*, ____________________ (full name of shareholder, in capital letters) NRIC No./Passport No./Company No.* ____________ of ____________________

____________________ (full address) telephone no. ____________

and email address ____________ being a member/ members* of HPP HOLDINGS BERHAD hereby appoint(s):-

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			
Telephone No.			

and/ or*

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			
Telephone No.			

or failing him/her*, the Chairman of the Meeting as my/our* proxy to vote for me/us* on my/our* behalf at the Fourth Annual General Meeting of the Company to be convened and held at Grand Hibiscus Ballroom, Level 3A, Swiss-Garden Hotel Melaka, T2-4 The Shore @ Melaka River, Jalan Persisiran Bunga Raya, 75300 Melaka Tengah, Melaka, Malaysia on Thursday, 27 October 2022 at 11.00 a.m. or at any adjournment thereof in respect of my/our shareholding in the manner indicated below:-

No.	RESOLUTION		FOR	AGAINST
1.	To declare a final single-tier dividend of 0.75sen per ordinary share in respect of the financial year ended 31 May 2022.	**Ordinary Resolution 1**		
2.	To approve the payment of Directors' fees and benefits payable to the Directors of the Company and its subsidiaries up to an aggregate amount of RM712,000.00 only for the period from 28 October 2022 until the conclusion of the next Annual General Meeting of the Company.	**Ordinary Resolution 2**		
3.	To re-elect Mr. Choo Chee Beng as Director.	**Ordinary Resolution 3**		
4.	To re-elect Mr. Lee Chong Leng as Director.	**Ordinary Resolution 4**		
5.	To appoint BDO PLT as Auditors of the Company in place of the retiring Auditors, Moore Stephens Associates PLT and to authorise the Directors to fix their remuneration.	**Ordinary Resolution 5**		
6.	To approve the authority pursuant to Section 76 of the Companies Act 2016 for the Directors to allot and issue shares.	**Ordinary Resolution 6**		

*Strike out whichever is not desired.

[Please indicate with an "X" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.]

____
Signature/Common Seal of Member/(s)

Number of shares held: ____________

Date: ____________

Fold this flap for sealing

Notes:

1. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.*

2. *A member of the Company may appoint up to two (2) proxies to attend and vote at the same meeting. Where a member of the Company appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholdings to be represented by each proxy.*

3. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.*

4. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.*

Then fold here

AFFIX
STAMP

The Share Registrar
HPP HOLDINGS BERHAD
(Registration No.: 201801043588 (1305620-D))
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

first fold here

5. *The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall be deposited at the office of the Company's Share Registrar, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time appointed for holding the meeting or adjourned meeting.*

6. *Pursuant to Rule 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the notice of the general meeting will be put to vote by way of poll. Poll administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.*

7. *For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company a Record of Depositors as at 18 October 2022 and only a Depositor whose name appears in such Record of Depositors shall be entitled to attend and vote at this meeting and entitled to appoint proxy or proxies.*

8. *The Board wishes to highlight that the Fourth Annual General Meeeting may be re-scheduled and/or postponed in view of the current COVID-19 outbreak and the Malaysian Government's announcements or guidelines made from time to time. Rest assured, all members/proxies including attendees shall be kept informed of any unexpected changes.*

Personal Data Privacy:
By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Fourth Annual General Meeting dated 23 September 2022.

www.hppholdings.com

HPP HOLDINGS BERHAD
REG.NO.201801043588(1305620D)

37, Jalan TTC 29, Taman Teknologi Cheng, 75250 Melaka, Malaysia.
● Tel: 06-335 6485 ● Fax: 06-335 1172 ● Email: info@hppholdings.com ● Website: www.hppholdings.com