



HPP HOLDINGS BERHAD



Minutes Of 4th AGM 2022



MINUTES OF THE FOURTH ANNUAL GENERAL MEETING OF HPP HOLDINGS BERHAD (“HPP” OR “THE COMPANY”) 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.

PRESENT:

DIRECTORS

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

IN ATTENDANCE

- | | |
|----------------|---------------------|
| Ms Tan Ai Ning | - Company Secretary |
|----------------|---------------------|

SHAREHOLDERS AND PROXIES

As per Attendance List

BY INVITATION

As per Attendance List

The shareholders and proxyholders (collectively referred to as “**Members**”), and invitees who attended the Fourth Annual General Meeting (“**Fourth AGM**” or “**the Meeting**”) are set out in the Attendance Lists attached and shall form an integral part of these Minutes.

INTRODUCTION BY THE CHAIRMAN

The Chairman, Mr Lau Tee Tee @ Lau Kim Wah welcomed all Members and invitees present at the Fourth AGM of the Company. The Chairman thereafter introduced the Board of Directors, the Company Secretary and the External Auditors to all present.

QUORUM

The Company Secretary confirmed that a quorum was present for the Meeting pursuant to Clause 56 of the Company’s Constitution. With the requisite quorum being present, the Chairman called the Meeting to order at 11.00 a.m..

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The Company Secretary informed the Meeting that the Company had received in total one (1) proxy form from shareholder for a total of 200,895,630 ordinary shares representing 51.72% of the total number of issued shares of the Company.

NOTICE

The Notice of the Fourth AGM having been circulated within the prescribed period, was with the permission of the shareholders taken as read.

To safeguard the health and safety of the Members and invitees, the Chairman required all present to wear face mask and follow the seating arrangement throughout the proceedings of this Meeting.

The Chairman then requested all present at the Fourth AGM to switch off their handphones, tablets or such other similar devices or switch them to silent mode to avoid any disruption to the proceedings of the Meeting.

The Members were encouraged to participate, speak and vote for the resolutions at the Fourth AGM.

The Chairman informed the Meeting that pursuant to Rule 8.31A of the ACE Market Listing Requirements ("**Listing Requirements**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), all resolutions set out in the Notice of the Fourth AGM must be voted by poll.

Accordingly, the Chairman, in his capacity as Chairman of the Meeting, demanded for a poll to be taken on all the resolutions set out in the Notice of the Fourth AGM pursuant to the Constitution of the Company.

To facilitate the poll process, the Company had appointed Boardroom Share Registrars Sdn. Bhd. as Poll Administrator to conduct the poll voting and Sky Corporate Services Sdn. Bhd. as the Independent Scrutineers to verify the poll results.

The Chairman also informed that the polling process would be conducted following the deliberation of all items set out in the Agenda. The Chairman then proceeded with the resolutions set out in the Agenda.

**AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022
TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON**

The Audited Financial Statements for the financial year ended 31 May 2022 ("**AFS**") together with the Reports of the Directors and Auditors thereon, which have been circulated to all shareholders for the prescribed period, were tabled for discussion.

The Chairman informed that this Agenda item was meant for discussion only and would not be put to vote as approval from the shareholders was not required pursuant to Section 340(1) of the Act. The Chairman then invited questions from the floor in respect thereof.

QUESTION AND ANSWER SESSION

It was noted that the Company had received questions from the Members during the Meeting. The questions raised were succinctly addressed by the Board of Directors and Senior Management. The salient questions raised and relevant answers were as follows: -

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- (1) **Page 17 of Annual Report 2022 states that the revenue of the Group for the financial year ended 31 May 2022 (“FYE 2022”) shows decline due to lower sales of corrugated packaging to major customers in Consumer Electrical & Electronics (“Consumer E&E”) industry. Such decrease of sales was caused by temporary supply shortage of semiconductors and labour that the major customers encountered during the FYE 2022.**

In view of the above statement, what will be the outlook of the Company and its subsidiaries (“Group”)?

There were occurrences of Movement Control Order during the FYE 2022 which decelerated the operations of the Company as well as the Consumer E&E customers. Notwithstanding that, the operations of Consumer E&E customers were further affected by the temporary supply shortage of semiconductors and supply shortage of labour force faced during the financial year.

Nevertheless, looking at Malaysia’s established footprint in the global semiconductor supply chain, the 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 semiconductors.

Following the relaxation of pandemic restrictions and transition to endemic status, the issues to Consumer E&E customers in respect of the supply shortage of semiconductors and labour force have been alleviated. Moving forward, the Group believes that the growth of external demand for goods will remain stable, especially for Consumer E&E products. The Group has also been actively expanding the clientele to diversify customers in other industries instead of overreliance on certain customers in the Consumer E&E industry. The improvement in the financials of the Group has been reflected in the financial quarters ended 28 February 2022 and 31 May 2022 as announced to Bursa Malaysia Securities Berhad.

- (2) **What will be the latest trend of price fluctuation of raw material particularly paper in view of the recent rise in inflation?**

The procurement division of the Group has been effectively functioning under the leadership of Madam Ng Soh Hoon. The Group sources the raw materials from both local and foreign suppliers. The procurement division keeps abreast of the lead indicators to forecast the future price movement of paper and to undertake pre-emptive action in the event that the paper price rises.

Based on the forecast by our procurement division, the paper price for the quarter ended 31 August 2022 was relatively stable and expected to remain constant until the end of quarter ended 30 November 2022.

- (3) **By referring to Note 28 to AFS on Financial Instruments, all the general provision for estimated credit loss (“ECL”) has been reversed regardless of the trade receivables for 90 days and above amounted to approximately RM2.6 million.**

What is the rationale of the Company to reverse the general provision for ECL?

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The provision for ECL that was previously made had been fully collected. Based on the past financial results on ECL model of Malaysian Financial Reporting Standard, an ECL assessment against the trade receivables has been conducted for FYE 2022 and 2021, and there was no provision for impairment was required to be made.

Additionally, subsequent to the FYE 2022, the trade receivables for 90 days and above have been substantially collected and there is therefore no need to make any provision in relation thereto.

- (4) Referring to Independent Auditors' Report of AFS, Moore Stephens Associates PLT ("Moore Stephens") had determined that there was no key audit matter to communicate. Kindly explain the rationale and justification on no key audit matter to communicate in the Independent Auditors' Report.**

The key audit matter is determined based on the significant judgement and substantial time required to assess the certain subject. Moore Stephens did not identify any matter requiring assessment with significant judgement and substantial time during the course of external audit.

For assurance to the shareholders, Audit and Risk Management Committee ("**ARMC**") had reviewed the AFS and conducted discussions with Moore Stephens without the presence of Executive Board Members and Management to ensure Moore Stephens were free from any issue that may affect their audit. Moore Stephens had also reverted to the ARMC that they had not encountered any restrictions to form a professional audit opinion.

- (5) Could the Board of Directors provide insights and plans regarding to the recent purchase of industrial land and construction of four-storey building as well as the timeline for completion and costs incurred in construction?**

The Sale and Purchase Agreement for the acquisition of industrial land had been executed and consent from the State Authority for transfer of title had been obtained. The Company is currently requesting for proposal for the tendering of construction of a four-storey building. The said four-storey building will be utilised as manufacturing facilities and hostel for foreign workers. Necessary disclosure will be made on any development in relation thereto as and when appropriate.

- (6) The revenue derived from the customers in Food and Beverage ("F&B") industry improved based on the unaudited financial results for the quarter ended 31 August 2022.**

Is F&B industry an alternative to Consumer E&E industry and if so, is F&B industry sustainable?

As a specialist in the printing and production of paper-based packaging, we are capable of providing a suite of comprehensive printing services for customers covering various end user markets, including Consumer E&E, pharmaceutical, sheath contraceptive and food and beverage.

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Although the Consumer E&E customers remained as the main source of revenue to the Group, the Group acknowledges the importance to widen the product range to expand our business opportunities and packaging services. This is proven by the increase in revenue of the sheath contraceptive customers. The Group has gained momentum in its customer base over the years by securing new customers from different industries.

(7) The export revenue of the Group was 14% for the FYE 2022. Will the export revenue of the Group increases in FY 2023?

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 orders.

(8) What will be the amount of audit fees proposed by the incoming external auditors, BDO PLT and the amount of difference as compared with the audit fees charged by the retiring external auditors, Moore Stephens?

Moore Stephens has acted as the external auditors of the Group for more than five (5) years. In view of good corporate governance, the Board went through a bid process for tendering of external audit services, wherein the incumbent external auditors was invited to participate and an indicative audit fee was provided by all participating audit firms. The appointment of BDO PLT was recommended by ARMC and the Board following a competitive tendering process. The audit fee of BDO PLT will only be determined upon the conduct of audit planning and subject to review by the ARMC.

BDO PLT added that the audit fee will be driven by the time cost incurred in the course of audit and the complexities of the audit.

The indicative audit fee proposed by BDO PLT was relatively competitive as compared with the remaining participating audit firms.

(9) During a recent Annual General Meeting, an institutional investors opposed the resolution approving the authority for the Directors to allot and issue shares pursuant to Section 75 of the Companies Act 2016. In view of the Group's net cash position after taking into consideration of the proceeds generated from Initial Public Offering exercise and payment of current and non-current liabilities, will the Company perform a cash call within the next twelve (12) months?

Accordingly, the Company is seeking shareholders' approval for pre-emptive rights in accordance with Section 75 as well as Section 85 of the Companies Act 2016 as stated in the resolution.

The rationale for tabling this resolution is to provide flexibility for the Company to seek for a private placement of not exceeding ten percent (10%) of the total issued share capital of the Company for the purpose of working capital or provide funding for future investments or undertakings, if required. Such general mandate, if obtained, shall valid from this AGM until the date of next AGM of the Company.

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If there should be a decision to issue new shares after the general mandate is obtained, the Company will make necessary announcement in respect thereof.

(10) In view of the convening of physical AGM, how should I send my questions to the Company prior to the convening of the AGM?

You may email your questions to the Company's email address at info@hppholdings.com which can be found in our Annual Report.

After addressing the questions received, it was recorded that the AFS together with the Directors' and Auditors' Reports thereon be and are hereby received by the Members.

Thereafter, the Chairman went through each of the motions set out in the Notice of the Fourth AGM.

POLLING PROCESS

After all the motions have been tabled to the Meeting, the Chairman directed that the registration of the shareholders and proxies for the Meeting to be closed and proceed with the polling process. The Secretary briefed the Members on the polling process and directed the Members to deposit their polling forms into the ballot boxes upon completion. The Members present were then given time to cast their votes.

The Chairman informed that the outcome of the poll would be announced after a break as it would take time to tabulate the results of the poll and invited the Members present for a lunch in another room. The Fourth AGM was then adjourned at 11.51 a.m. for the votes to be counted and to enable the Independent Scrutineers to tabulate the result of the poll.

The Meeting resumed at 1.00 p.m. for the announcement of the results of the poll.

POLL RESULTS

The Chairman announced the results of the poll as follows: -

Ordinary Resolution 1	Votes in favour		Votes against		Result
	No. of votes	%	No. of votes	%	
To declare a final single-tier dividend of 0.75 sen per ordinary share in respect of the financial year ended 31 May 2022.	286,158,000	100.0000	0	0.0000	Carried

It was UNANIMOUSLY RESOLVED: -

THAT the final single-tier dividend of 0.75 sen per ordinary share in respect of the financial year ended 31 May 2022 be and is hereby approved for payment.

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Ordinary Resolution 2	Votes in favour		Votes against		Result
	No. of votes	%	No. of votes	%	
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.	233,721,332	100.0000	0	0.0000	Carried

It was UNANIMOUSLY RESOLVED: -

THAT 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 be and is hereby approved.

Ordinary Resolution 3	Votes in favour		Votes against		Result
	No. of votes	%	No. of votes	%	
To re-elect Mr. Choo Chee Beng who is retiring pursuant to Clause 76(3) of the Constitution of the Company.	286,158,000	100.0000	0	0.0000	Carried

It was UNANIMOUSLY RESOLVED: -

THAT Mr Choo Chee Beng who retired pursuant to Clause 76(3) of the Constitution of the Company be and is hereby re-elected as Director of the Company.

Ordinary Resolution 4	Votes in favour		Votes against		Result
	No. of votes	%	No. of votes	%	
To re-elect Mr. Lee Chong Leng who is retiring pursuant to Clause 76(3) of the Constitution of the Company.	285,758,000	100.0000	0	0.0000	Carried

It was UNANIMOUSLY RESOLVED: -

THAT Mr Lee Chong Leng who retired pursuant to Clause 76(3) of the Constitution of the Company be and is hereby re-elected as Director of the Company.

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Ordinary Resolution 5	Votes in favour		Votes against		Result
	No. of votes	%	No. of votes	%	
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.	286,158,000	100.0000	0	0.0000	Carried

It was UNANIMOUSLY RESOLVED: -

THAT BDO PLT be and is hereby appointed as Auditors of the Company for the ensuing year in place of the retiring Auditors, Moore Stephens Associates PLT and that the Directors be authorised to fix their remuneration.

Ordinary Resolution 6	Votes in favour		Votes against		Result
	No. of votes	%	No. of votes	%	
To approve the authority pursuant to Section 76 of the Companies Act 2016 for the Directors to allot and issue shares.	286,158,000	100.0000	0	0.0000	Carried

It was UNANIMOUSLY RESOLVED: -

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.

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CONCLUSION OF MEETING

There being no other business to be transacted, the Meeting concluded at 1.05 p.m. with a vote of thanks to the Chairman.

SIGNED AS A CORRECT RECORD

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CHAIRMAN