HPP HOLDINGS BERHAD

REG.NO.201801043588 (1305620D)

2023

ANNUAL REPORT

PASSION

COMMITMENT

INTEGRITY

Harbour of Packaging Printing

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. Subsequently on 15 November 2019, our Company was converted into a public limited company and since then, assumed our current name. Our Company was listed on the ACE Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**") on 20 January 2021. We are classified as a Shariah-compliant security since 27 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 Realty**") 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 customers, providing customised services and products based on their needs.

Transparency

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

Trust & Integrity

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

Employees' Welfare

We recognise that employees' welfare are of utmost importance by promoting work life balance, safe and healthy working environment to our employees.

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HISTORY
AND KEY MILESTONES

1996
Incorporation of **HAYAN PRINTS.** Began printing and production of non-corugated 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 COLORSPACE.**

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 COLOURS FLEXO PRINTER IR DRYER VARNISH STACKER MACHINE** to meet customer's needs in this dynamic economy.

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

Obtained accreditation from **SGS & CO**, formerly known as **GRAPHIC MEASURES INTERNATIONAL (GMI)** to fulfil the process according **ISO 12647.**

Corporate Information

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

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
Email: boardroom-kl@boardroomlimited.com

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

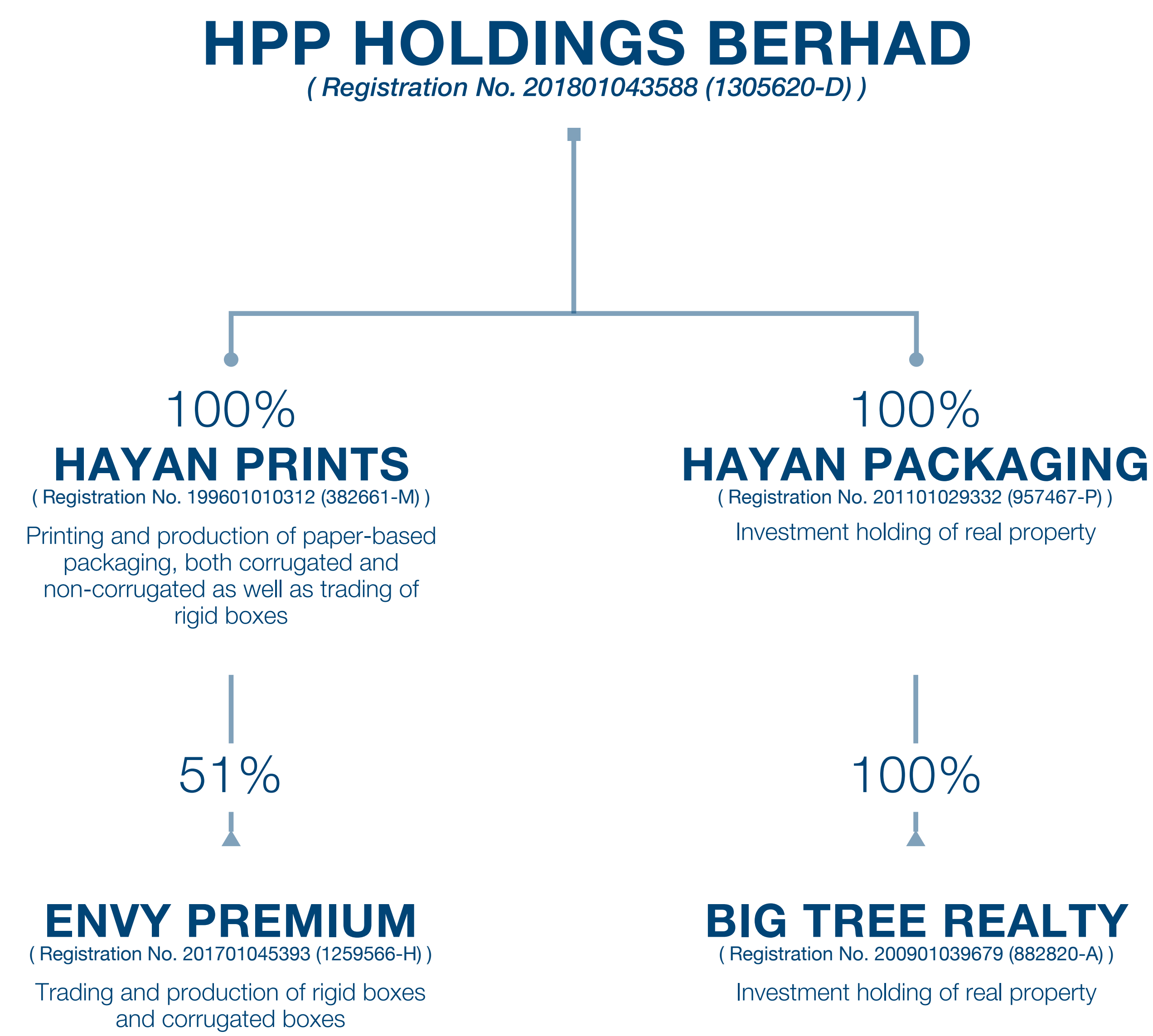
SPONSOR
Affin Hwang Investment Bank Berhad
(Registration No. 197301000792 (14389-U))
Level 19, Menara Affin
Lingkaran TRX
Tun Razak Exchange
55188 Kuala Lumpur
Tel: +603-2142 3700

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
Email: bsr.helpdesk@boardroomlimited.com

AUDITORS
BDO PLT
(LLP0018825-LCA & AF0206)
Chartered Accountants
Level 8, Menara CenTARa,
360, Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur
Tel: +603-2616 2888
Fax: +603-2616 3190 / 3191

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

Corporate Structure



LEE CHONG LENG | CHOO CHEE BENG | LAU TEE TEE @ LAU KIM WAH | NG SOH HOON | KOK HON SENG | PHILIP GOH TECK SIANG

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

LAU TEE TEE @ LAU KIM WAH

NON-INDEPENDENT NON-EXECUTIVE CHAIRMAN

• AGE 74 • 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 66 • MALE • MALAYSIAN
Date of Appointment
29 November 2018

Working Experience

Mr. Kok has 33 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 incorporated 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 50 • 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 63 • 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 Group 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 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

CHOO CHEE BENG

INDEPENDENT NON-EXECUTIVE DIRECTOR

• AGE 53 • MALE • MALAYSIAN

Date of Appointment
18 November 2019

Working Experience

Mr. Choo has 29 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 a 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 41 • MALE • MALAYSIAN

Date of Appointment
18 November 2019

Working Experience

Mr. Lee has more than 19 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 is a licensed auditor, licensed tax agent and Human Resource Development Corporation ("**HRD Corp**") accredited trainer of Malaysia. He 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 and have no 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 43 of this Annual Report for the Directors' meeting attendance records for the financial year under review.

Key Senior Management's Profile

LIM SZE MING

CHIEF OPERATING OFFICER II

• AGE 53
• 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 a 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 48
• MALE • MALAYSIAN

Working Experience

Mr. Mah has 24 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 a 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.

NG SOH MOY

ADMINISTRATION & HUMAN RESOURCE MANAGER

• AGE 59
• FEMALE • MALAYSIAN

Working Experience

Madam Ng has 36 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 46
• MALE • MALAYSIAN

Working Experience

Mr. Teng has 29 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 41
• FEMALE • MALAYSIAN

Working Experience

Madam Lee has 20 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 a 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 35
• MALE • MALAYSIAN

Working Experience

Mr. Subramaniam has 10 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.

Senior Managment's Profile

Senior Management's Profile

NUR SYAFIQAH BINTI HASSAN
QUALITY ASSURANCE MANAGER
• AGE 33
• FEMALE • MALAYSIAN

Working Experience

Puan Syafiqah has 8 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 a 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 and have no 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 continued to deliver superior quality products in our pursuit for sustainable, profitable growth."

Dear Esteemed Shareholders,

I am happy to present to you a positive earnings performance for HPP Holdings Berhad ("**HPP Holdings**" or "**Company**") and our subsidiaries ("**Group**") for the financial year ended ("**FYE**") 31 May 2023, despite the incidences of supply chain disruptions, raw material price fluctuations and volatility of foreign exchange.

Our Group remained focused in our strategic goals towards:

(I) achieving sustainable, profitable growth;

(II) remaining in a strong liquidity position, with prudent cash flow management and stringent credit control and debt management;

(III) expanding our product range to include Flexo printing packaging; and

(IV) providing more innovative printing and packaging solutions, including nine (9) different choices of coating solutions for our customers.

We look forward to another exciting and rewarding year in FYE 2024, as we further build upon and amplify on our strategic thrust towards our vision as a One Stop Solution Provider in the printing and packaging industry, to enrich and strengthen our relationship with our customers.

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 for FYE 2023.

01

OUR FINANCIAL PERFORMANCE

Our revenue for FYE 2023 stood at approximately RM80.80 million, a slight decrease of approximately 5.78% as compared to approximately RM85.76 million in FYE 2022. The lower revenue was attributed to lower sales of corrugated packaging and rigid boxes, which was partially set off by the higher contribution from non-corrugated packaging segment. The post-COVID recovery of orders from the Consumer Electrical & Electronics ("**Consumer E&E**") Industry during the year was slightly slower than our expectation. Notwithstanding this, we recorded higher profit after tax in FYE 2023 mainly due to lower share-based payment expenses, improvement in gross profit margin with the introduction of new products and higher interest income received on our investment in short-term funds and fixed deposits. In line with this, the earnings per share also increased from 2.17 sen to 2.40 sen. Our debts have further reduced, giving us an improved gearing ratio of 0.07 times for FYE 2023 (FYE 2022: 0.10 times). Our cash and bank balances, net of fixed deposit pledged as security improved by approximately 10.94% to RM44.82 million in FYE 2023 as compared to RM40.40 million in FYE 2022.

With a strong liquidity position and healthy cashflow, our Group has the flexibility of funding options as and when the need arises. We are committed and excited to seize market opportunities to further add value to our company and ultimately benefitting our shareholders.

	2022	2023	
REVENUE	RM 85.76 million	RM 80.80 million	▼5.78%
BASIC EARNINGS PER SHARE	2.17 sen	2.40 sen	▲10.60%
PAT MARGIN	9.92%	11.49%	▲1.57%
CASH AND BANK BALANCES, NET OF FIXED DEPOSIT PLEDGED AS SECURITY	RM 40.40 million	RM 44.82 million	▲10.94%
CURRENT RATIO	4.03 times (reclassified)	5.45 times	▲35.24%
GEARING RATIO	0.10 times	0.07 times	▲30.00%

Chairman's Statement

02

ONE-STOP PRINTING AND PACKAGING SOLUTION PROVIDER

Meeting and Exceeding Our Customers' Needs and Expectations are our Priority!

During FYE 2023, our Group achieved full certification status for Lithographic - Process Colour and Spot Colour Methods accredited by **SGS & Co PQM Centre of Excellence** (previously known as Graphic Measures International, or "**GMI**").

This adds on to our Group's seven (7) other certificates of recognition / awards, namely ISO 9001:2015, ISO 14001:2015, LRQA Certified HACCP, Sony Green Partner, G7 Master Colorspace, ISO 12647-2 Process Standard Offset certifications and Forest Stewardship Council ("**FSC®**") Certification.

As a one-stop printing and packaging solution provider, and in our continued effort towards sustainable and eco-friendly practices, our Group intends to further enhance our product range through the introduction of paper pulp moulded packaging trays. By offering recyclable and biodegradable packaging, our customers will be able to protect their goods, and brand, as well as the environment. Our Board believes that the inclusion of this new packaging product will boost our Group's revenue in the near future.

Our innovative printing and packaging solutions have been expanded to include nine (9) different choices of coating solutions for our customers:

03

CORPORATE SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

We are committed to reduce carbon footprint with priority in lowering our paper waste ratio by closely tracking our waste generation. We have installed solar panels in our factories since 2021, allowing us to project an estimated reduction of 871,326kg Carbon Dioxide emission.

To further commit to the Environmental, Social and Governance ("**ESG**"), we have invested in Paper Pulp Moulded Packaging with acquisition of new machines to replace our clients' needs in styrofoam packaging.

Our employees are one of our most valuable assets. Our foreign employees are being housed in comfortable living environment which is in compliance with relevant government's requirements, including Akta Kerja 1955 (Pindaan 2022) and Akta Kerja 1955.

Our Sustainability Statement on pages 27 to 42 of this Annual Report details the initiatives taken by our Group to achieve the desired outcome in mitigating environmental impact, ensuring employees safety and wellbeing, and reinvestment back into the community.

In early 2023, our Group hosted a field trip for a group of students from Kolej Yayasan Saad to have better understanding of our Company's printing process. As a responsible corporate citizen, our Group co-organised a Blood Donation Campaign with the local blood bank and Melaka's KIPMall. The Blood Donation Campaign continues to be part of our Group's corporate social responsibility programme in hope to replenish blood supply in local blood bank. This is our second year in organising such activity. Our Group managed to attract more than 130 individuals to participate in the campaign, out of which a total of 107 individuals were qualified to contribute to the cause. In conjunction with the Blood Donation Campaign, our Group also made a donation to a local orphanage, Pusat Jagaan Kasih Sayang Angel. I would like to take this opportunity to thank our co-organisers and sponsors for the success of the campaign, and we shall continue to make a positive socio-economic impact by organising more of these dedicated events.

Blood Donation Campaign 2023

Field Trip Visit 2023

04

DIVIDENDS

It is with great pleasure, that I announce that our Board has proposed a final single-tier dividend of 0.75 sen (FYE 2022: 0.75 sen) per ordinary share in respect of FYE 2023, subject to the approval of shareholders at the forthcoming 5th Annual General Meeting.

Together with the 0.75 sen per share interim dividend which was paid in March 2023, this brings the total dividends for FYE 2023 to 1.50 sen (FYE 2022: 1.50 sen) per share.

05

APPRECIATION

"On behalf of our Board, I would like to express my utmost gratitude to our management and staff for their devoted dedication and contribution to our Group"

On behalf of our Board and management, I would like to express my heartfelt thank you to all our employees across our Group for their commitment. Your enormous effort and great team work throughout the year are commendable and most appreciated.

To my fellow Board members, I would like to express my profound appreciation for your invaluable guidance, counsel and advice during these last two years subsequent to our listing.

Lastly, I truly appreciate all the confidence and patience placed in us from all our external stakeholders, including but not limited to our valued customers, business partners, advisers, bankers and suppliers for their unwavering support. I am confident and excited to lead our Group in pursuit of greater heights with the inspiring support from our team of colleagues, management and employees.

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 our Group for the FYE 31 May 2023.

Our 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, leaflet, 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) as a "One-Stop Solution Provider", covering various end user markets, including Consumer Electrical & Electronics ("**Consumer E&E**"), Pharmaceutical, Sheath Contraceptive and Food and Beverage. We provide customisable paper-based packaging to satisfy our customers' various packaging design requirements. We also print brochure, leaflets, labels and paper bags to complement our paper-based packaging. In addition, our Group trades and produces 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, Philippines, United States of America ("**USA**") 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 overseas.

02

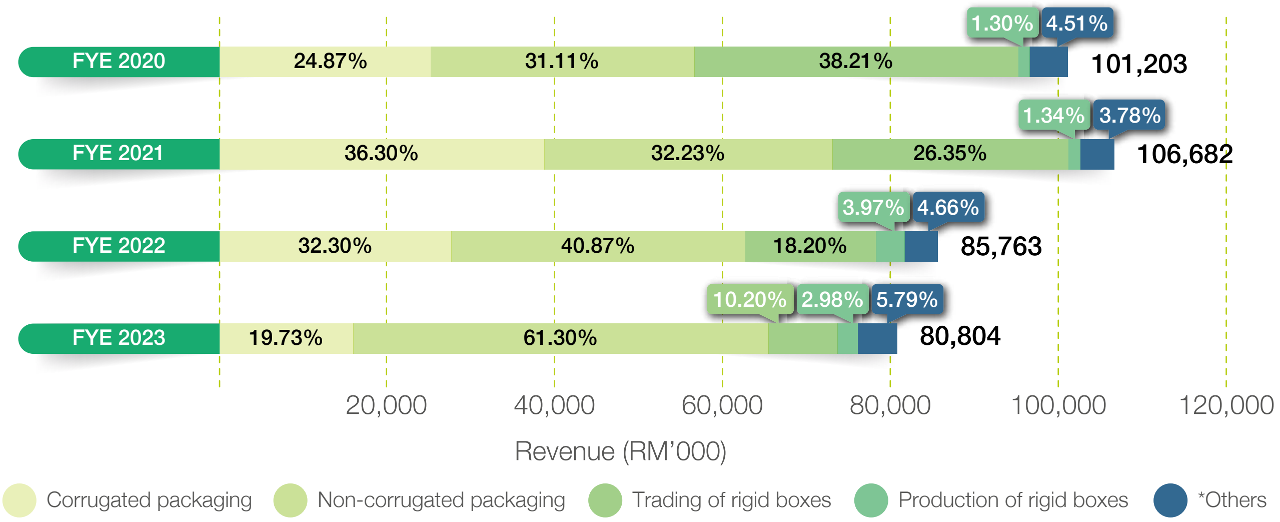
FINANCIAL HIGHLIGHTS

FYE 31 May	2020	2021	2022	2023
	RM'000	RM'000	RM'000	RM'000
Revenue	101,203	106,682	85,763	80,804
Profit before taxation	12,433	18,973	11,514	12,850
Profit after taxation	8,816	16,940	8,508	9,281
Total comprehensive income attributable to owners of the Company	8,233	16,805	8,422	9,306
Dividend for the financial year	N/A	7,769	5,826	5,826[i]
Issued share capital	5,500	90,208	90,208	90,208
Total equity attributable to owners of the Company	67,388	110,565	115,487	121,490
Total assets	105,663	152,787	147,207	148,162
Total borrowings (including lease liabilities)	22,286	16,897	11,048	8,667
Net assets per share (sen)	22.48[ii]	28.46[iii]	29.73[iii]	31.28[iii]
Basic earnings per share (sen)	2.75	5.06	2.17	2.40

Notes:
(i) Including a final dividend of 0.75 sen per share, which is subject to approval by the shareholders of HPP Holdings at the 5th Annual General Meeting
(ii) Based on 299.76 million number of shares (iii) Based on 388.43 million number of shares

I. FINANCIAL PERFORMANCE

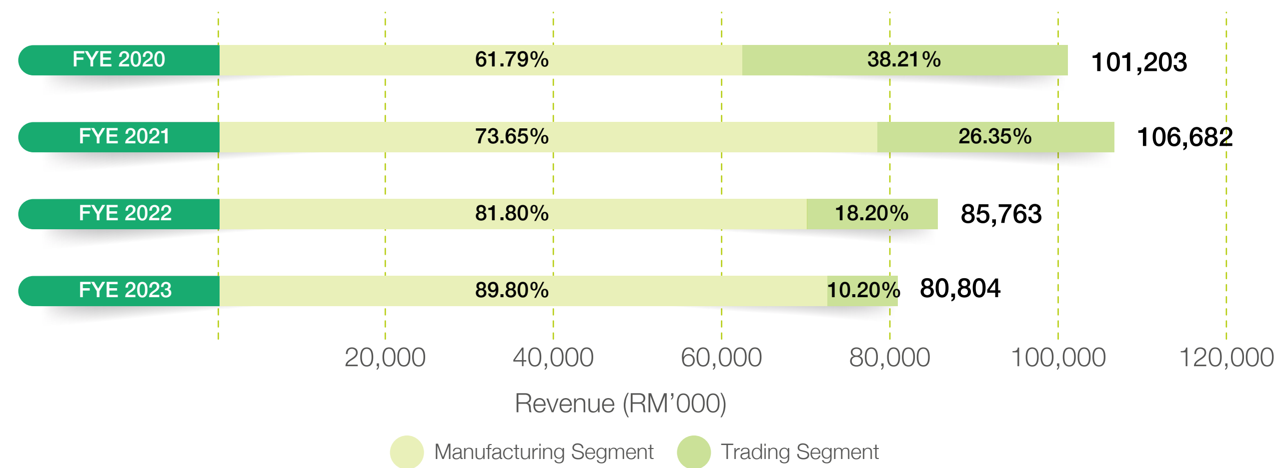
Revenue Segmentation (by products)
for FYE 2020 to FYE 2023 (RM'000)



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

Percentage of non-corrugated packaging sales stood at 61.30% in FYE 2023, approximately double the percentage in FYE 2020 (31.11%), which contributed in an improved gross margin.

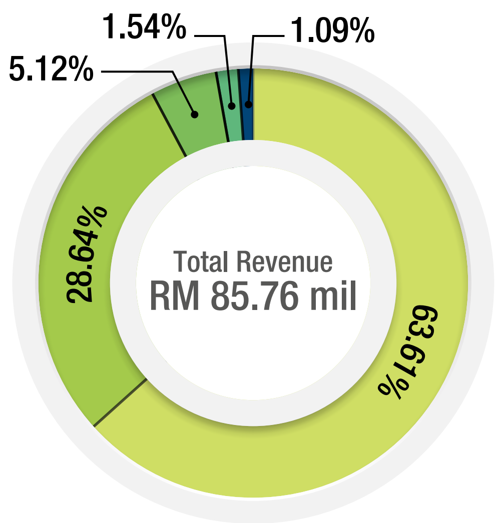
Revenue Segmentation (Manufacturing vs Trading)
for FYE 2020 to FYE 2023 (RM'000)



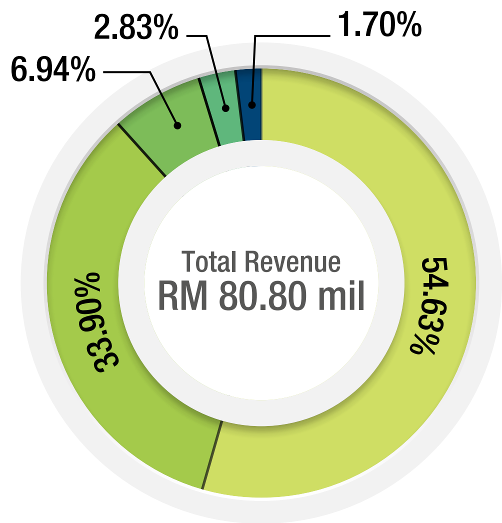
The percentage of revenue generated by manufacturing segment was further improved by 8% in FYE 2023 compared to FYE 2022; this too contributed to an improved gross margin.

Our Group recorded a revenue of approximately RM80.80 million for FYE 2023, representing a decrease of approximately 5.78% 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. On the other hand, the overall contribution from the manufacturing segment has increased by approximately 3.44% in FYE 2023 as compared with FYE 2022, resulting in better margin for current financial year.

Management Discussion And Analysis



Revenue: FYE 2022
Consumer E&E vs Other Industries:
63.61% vs 36.39%

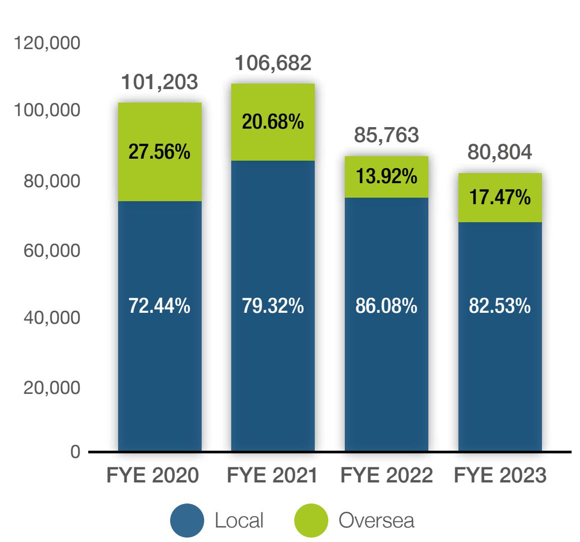


Revenue: FYE 2023
Consumer E&E vs Other Industries:
54.63% vs 45.37%

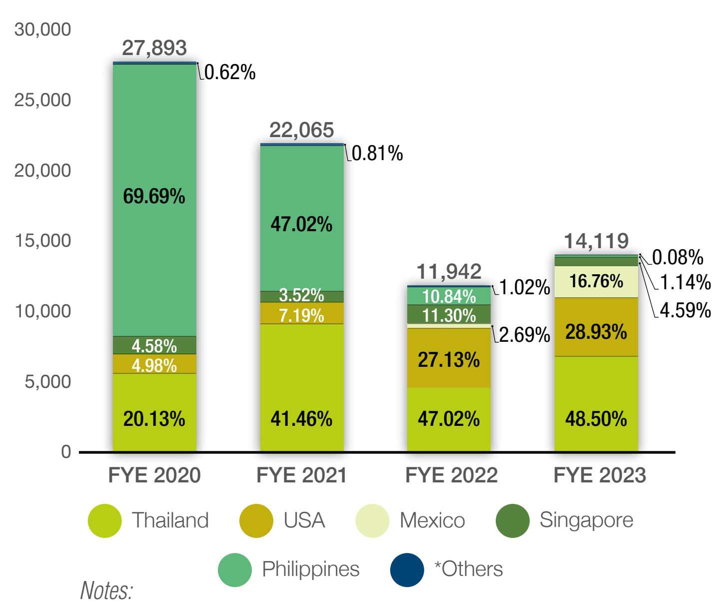
Consumer E&E · Sheath Contraceptive · Food & Beverage · Pharmaceutical · Others

Whilst Consumer E&E industry was the main stay of our Group's revenue, the percentage sales for Sheath Contraceptive, Pharmaceutical and Others grew faster and further reduced the concentration risk in Consumer E&E.

Revenue Segmentation (Domestic vs Overseas) for FYE 2020 to FYE 2023 (RM'000)



Overseas Revenue Segmentation (by country) for FYE 2020 to FYE 2023 (RM'000)



Notes:
* *Negligible. Others comprise of the following:*
- Sales from Taiwan and China for FYE 2022 and FYE 2023
- Sales from Australia, Myanmar and Germany for FYE 2021
- Sales from Myanmar, Germany and Taiwan for FYE 2020

Our revenue was mainly derived from our customers in Malaysia while our revenue contribution from overseas customers was mainly from Thailand, USA, Mexico and Singapore for the FYE 31 May 2023. The drop in export revenue from Philippines was due to the buyer's change in policy to buy their products locally in Philippines.

Our domestic revenue mix for FYE 31 May 2023 was decreased by approximately 3.55% from 86.08% to 82.53% mainly due to the decrease in sales of paper-based packaging from existing customers in the Consumer E&E industry.

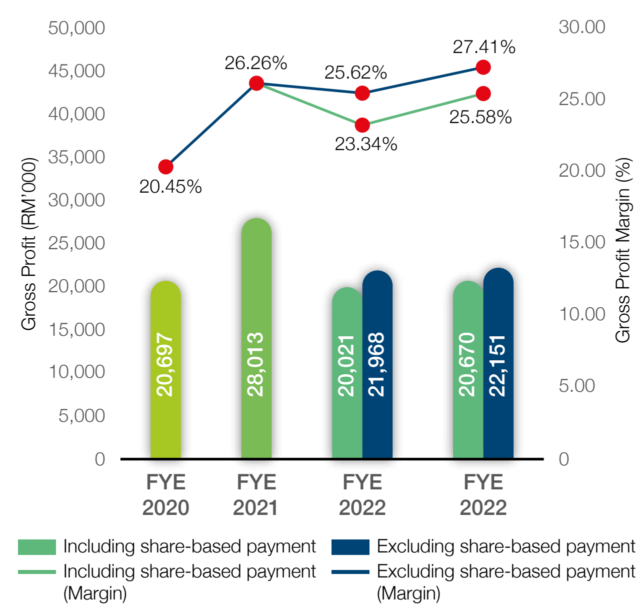
The corresponding increase of 3.55% in the overseas revenue mix was especially in our manufacturing segment.

Management Discussion And Analysis

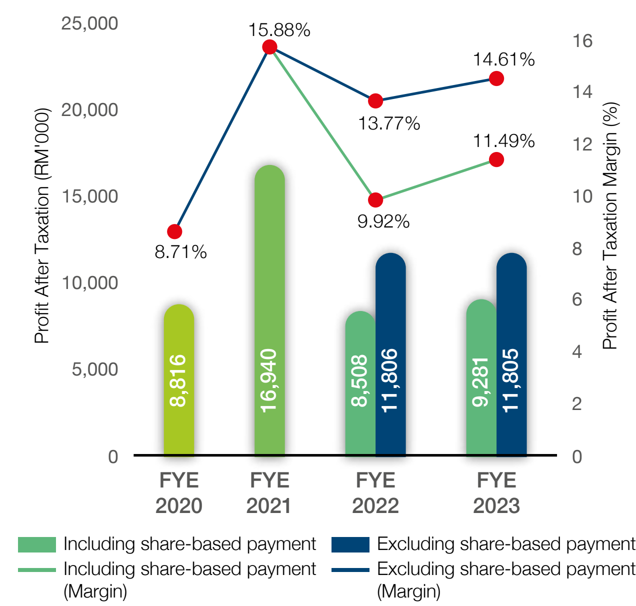
Set out below is our Group's Profitability Trend from FYE 2020 to FYE 2023:

FYE 31 May	2020	2021	2022	2023
	RM'000	RM'000	RM'000	RM'000
Gross profit	20,697	28,013	20,021	20,670
Gross profit margin: Including the effect of share-based payment	20.45%	26.26%	23.34%	25.58%
Excluding the effect of share-based payment	20.45%	26.26%	25.62%	27.41%
Profit before tax	12,433	18,973	11,514	12,850
Profit and total comprehensive income for the financial year	8,816	16,940	8,508	9,281
Profit after tax margin: Including the effect of share-based payment	8.71%	15.88%	9.92%	11.49%
Excluding the effect of share-based payment	8.71%	15.88%	13.77%	14.61%

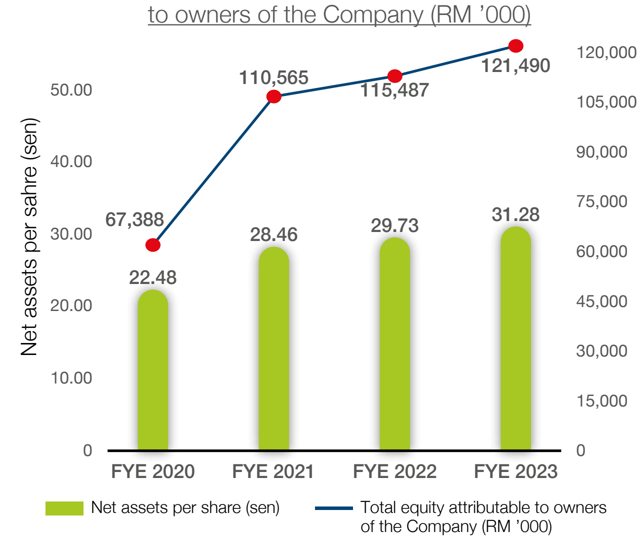
Gross Profit (RM'000)



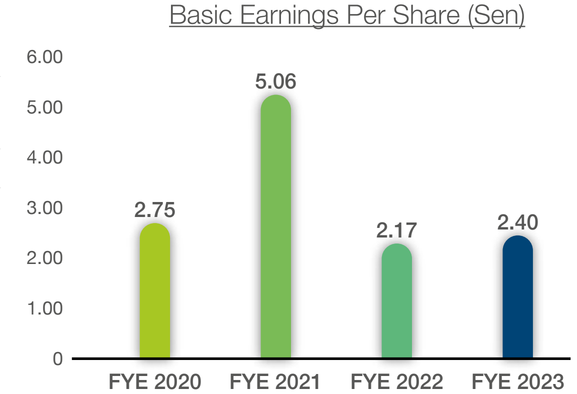
Profit After Taxation (RM'000)



Net assets per share (sen) vs Total equity attributable to owners of the Company (RM '000)



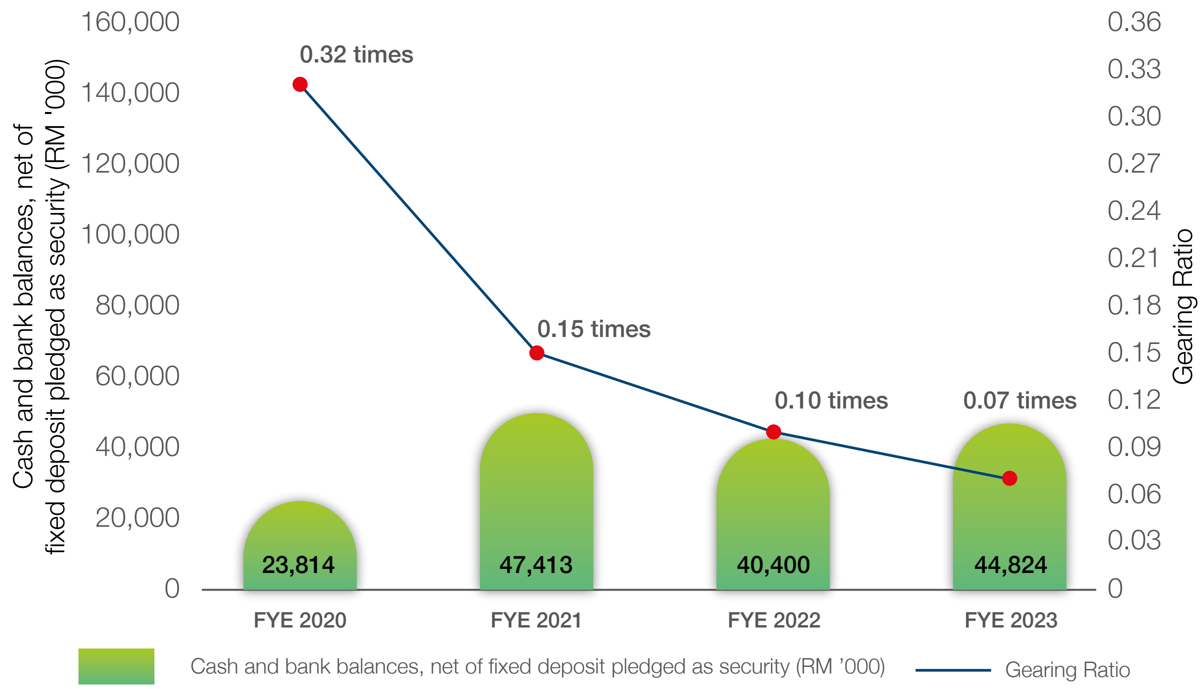
Basic Earnings Per Share (Sen)



II. FINANCIAL POSITION

Our Group's total assets stood at approximately RM148.16 million as at 31 May 2023. Our total liabilities was decreased to approximately RM24.88 million, mainly due to repayment of bank borrowings which were previously used for the acquisition of property, plant, and equipment. Our Group's total equity attributable to owners of the Company stood at RM121.49 million, translating to net assets per share of 31.28 sen (FYE 2022: 29.73 sen).

Cash and bank balances, net of fixed deposit pledged as security (RM '000) vs Gearing Ratio



Our Group's liquidity position remains strong with RM44.82 million cash and bank balances, net of fixed deposit pledged as security at FYE 2023. Credit control was closely managed, with efficient collection of trade debts. Our gearing ratio improved further to 0.07 times. This will provide our Group with sufficient funds to brace through 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 2023, in order to expand our production capacity, our Group has:

(a) acquired a new automatic cutting machine and committed to acquire a new paper pulp moulded packaging machine;

(b) started the construction of a 4-storey factory and foreign workers' hostel on two (2) pieces of industrial lands located in Taman Teknologi Cheng, Melaka. As at July 2023, we have completed approximately 54% of the construction. The construction is funded through a combination of internally generated funds and bank borrowings. It is expected to be completed in the second half of 2023; and

(c) acquired a piece of leasehold land together with a double storey office and a single storey warehouse erected thereon for a cash consideration of RM7.7 million on 19 December 2022. Our Group plans to convert the warehouse into a factory for the manufacturing of paper pulp moulded packaging and construct a new factory for the manufacturing of rigid boxes on this property with estimated completion date in first quarter of 2024. The acquisition of this property and relevant construction or renovation costs will be funded through a combination of internally generated funds and bank borrowings. The conditional sale and purchase agreement became unconditional on 9 May 2023 and the acquisition is expected to be completed in the second half of 2023.

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 Investment, 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.

II. Price Fluctuations Of Raw Material

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 our control 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 increases in the price of paper. In order to reduce the impact of cost increases without affecting the profit margin and quality of products, our Group has taken initiatives such as purchasing paper in bulk when the price is low to enable us to lock in a lower purchase price, strictly monitor the costs of raw materials, increase production efficiency with production optimisation and reduce production wastage. Besides, we also have good relationship with our suppliers through constant communication on market developments and trends to manage potential market volatility and / or shortage.

We purchase about 90% of our raw materials from local suppliers. Nevertheless, our Group is also sourcing from overseas suppliers to diversify the sources of supplies in order to have competitive prices whilst fulfilling 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.

III. Ability To Maintain Quality And Exceed Customers' Expectations

Our ability in providing high quality products 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.

Our Group obtained Graphic Measures International ("**GMI**") accredited by SGS & Co. of Louisville, Kentucky, USA during the FYE 2023 in addition to the **G7 Master Colorspace Qualification** and **ISO 12647-2:2013**. All these awards act as a reliable reference of our ability to match customers' desired output quality. The awards are also testament to the quality assurance and management of our products.

IV. Human Capital

Our operations are dependent on a stable supply of labour, both domestic and foreign workers, especially for operations of printing machines and general work in our factories such as preparing printing plates, cutting rolled paperboard and assisting in the printing machines and other post-press machines.

To mitigate this risk, our Group continues to collaborate with vocational colleges for internship programmes and subsequently hiring intern students as our full-time employees by offering salaries above minimum wage. Besides, 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 also makes significant investments in the professional development of the employees to mitigate the risk of losing key technical staff and to address the necessity for succession planning. Furthermore, by engaging and maintaining a competent workforce with proper training provided, our Group is able to ensure optimal productivity with minimal wastage and excellent quality of products and services. Our Group regularly evaluates the effectiveness of hiring procedure, reviews employee compensation and benefit packages whilst ensuring compliance with human and labour rights, and maintaining a safe and healthy working environment to retain talented workforce.

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 our customers' production. The Consumer E&E industry's outlook remains soft in 2023 because of the headwinds, including potential recession and tension between the USA and China. Therefore, we are expanding our customer base in existing Consumer E&E industry as well as other industries such as Food and Beverage, Sheath Contraceptive, and Pharmaceutical. Our Group is optimistic that the global demand for Consumer E&E products will stabilise in 2023 - 2024.

During FYE 2023, our Group's dependency on the Consumer E&E industry has reduced and we have expanded our product range to support other industries, as shown in the increase of revenue from Sheath Contraceptive, Food and Beverage and Pharmaceutical industries. In addition, our Group also provides a 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's objective is 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. Foreign Currency Risk

Our Group is exposed to foreign currency exchange fluctuation risk due to:

- export sales of paper based products mainly in USD and SGD; and
- import of our paper raw materials and machineries from foreign countries that are often transacted in USD and RMB.

Our Group is practicing natural hedge as the sales and purchase are denominated in foreign currencies; and currently, we do not practice any active foreign currency hedging. However, we will continue to closely monitor the movements of the related foreign currencies, and maintain prudent cash flow management to reduce such risk.

VII. Our Group's Future Plans And Growth

The year ahead is likely to see continued inflationary pressures, an uncertain geopolitical landscape and persistent vulnerabilities in the global supply chain weighing on the global economy. The International Monetary Fund has forecasted global growth to slow down to 4.5% in 2023. Bank Negara Malaysia had forecasted a growth of between 4% to 5%, amid the global slowdown from its high of 8.7% achieved in year 2022.

While fulfilling local market demand continues to be the mainstay of our business, we continue to explore more business opportunities within the ASEAN region and other regions. Our Group is well positioned to increase the volume of our overseas order. Our Group had managed to secure more overseas sales during FYE 2023 in comparison with FYE 2022.

Recycling and environmental awareness had increased significantly globally and we have received various requests or inquiries on recyclable packaging from our existing customers as they are having difficulties in sourcing it locally. As such, our Group has expanded our product range to include paper pulp moulded packaging and production is expected to commence by the second quarter of FYE 2024. The European Union-wide rule in preventing packaging waste by boosting reuse and refill, and making all packaging recyclable by 2030 is expected to boost our Group's new product i.e. paper pulp moulded tray.

We will continue to broaden and deepen our product offerings and services to our existing customers, and pursue new business opportunities to grow our client base, across all industries, both locally and overseas. This, together with exercising prudent cost optimization and tight management of internal efficiencies, will be our key strategic focus towards growing both our top and bottom line results in the new financial year. Our Team is committed to accomplish bigger achievements in our results with the faith and genuine support from our Board and all Stakeholders.

Sustainability Statement

01 Introduction

I. Sustainability Reporting

Our Group is committed towards value creation for long-term sustainability for our 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 our Sustainability Statement ("**Sustainability Statement**") that details our Group's Environmental, Social and Governance ("**ESG**") performances. This Sustainability Statement communicates our Group's journey towards embedding sustainability in our business and daily operations whilst considering the interests of our stakeholders and business growth. This Sustainability Statement also sets out HPP Holdings' approach towards sustainable development and management of ESG risks and opportunities, after considering the impact to our business, and 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, production as well as sales and marketing of paper-based packaging business. The scope of this Sustainability Statement mainly relates to our Group's printing and packaging production businesses in Malaysia and where available, this Sustainability Statement also provides comparative historical data.

III. Reporting Period And Cycle

This Sustainability Statement describes our Group's sustainability activities covering both, financial and non-financial aspects for the period from 1 June 2021 to 31 May 2023, and up to the date of this Sustainability 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 of Directors of HPP Holdings ("**Board**") adopts a sustainability governance approach that is fit for our Group's purpose, after considering amongst others, our culture, needs, sustainability-related risks and opportunities and 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 the Group's sustainability agenda and strategy
- Embeds ESG within the Group's business strategy
- Approves the Group's ESG strategy

Audit & Risk Management Committee

- Appraises the compliance of corporate governance on ESG matters
- Evaluates overall ESG risks and opportunities

Group Managing Director

- Approves targets and market disclosures
- Develops ESG strategies and recommend appropriate revision to the Audit & Risk Management Committee and Board

Risk Management Working Group

- Support the Board, Audit & Risk Management Committee and Group Managing Director in the implementation of sustainability-related strategies
- Oversees departments / functions in ensuring robustness of system in relation to ESG management including role of the ESG Steering Group
- Report management targets
- Develops plan and timeline for relevant disclosures

02 Materiality Assessment Process

I. Objectives

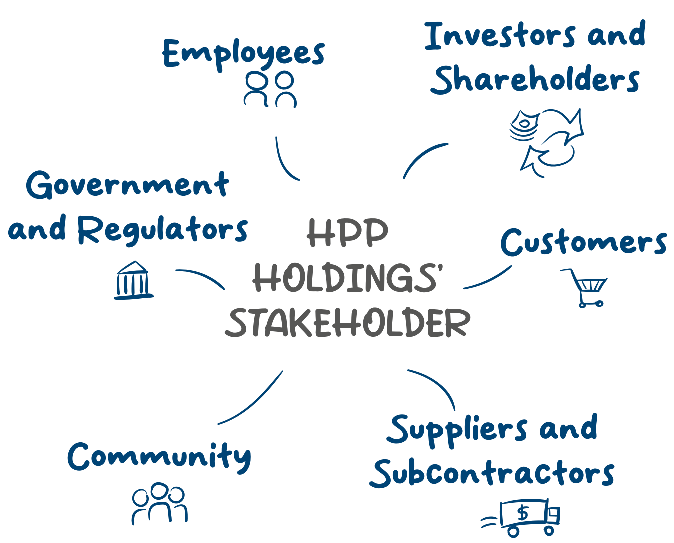
The objectives of the materiality assessment process are to allow HPP Holdings to optimise our Group's identification of material sustainability matters with a view to enhance our Group's strategic planning, implementation and business decision-making process and to enable stakeholders to make better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

Our Board considers it 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 regular engagement with its stakeholders, which enables our Group to identify and align the stakeholders' key priorities and concerns within our Group's business practices and strategies towards addressing material sustainability matters.

Set out below 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:



Stakeholder Engagement

Investors and Shareholders

Engagement Focus & Objectives
- Business performances and directions
- Prospects and strategies
- Return on investment
- Business continuity and risks
- Shares liquidity

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

Initiative
- Diversity of board members with different backgrounds, experiences, and perspectives

Customers

Engagement Focus & Objectives
- Product quality
- Lead time
- Product prices and value of products
- Rate of return and defects
- Procurement strategies

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

Initiative
- Inspection activities for products' quality
- Close communication with customers to understand their requirements
- Set KPIs for customer complaint to ensure prompt response and follow-up up to closure
- Continuous development of product and product costing

Suppliers and Subcontractors

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

Engagement Approach
- Regular communication on requirements
- Product improvement
- Feedback on products and services

Initiative
- Provide business support
- Provide accurate forecast and lead time given
- Source for a backup subcontractor / supplier

Community

Engagement Focus & Objectives
- Financial support and aid
- Social responsibility
- Environmental awareness and education
- Livelihood support
- Equal opportunity
- Employment opportunity

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

Initiative
- Engage local suppliers and workers
- Employment opportunities

Government and Regulators

Engagement Focus & Objectives
- Regulation, governance and legal requirements and standards
- Timely adherence
- Transparency and prompt disclosures

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

Initiative
- Monitor relevant approvals / permits expiry and prompt renewal
- Appoint a competent person to be in charge of applicable regulations

Employees

Engagement Focus & Objectives
- 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

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

Initiative
- To motivate the good performance employees and improve productivity
- Staff activities, staff recreation
- Create a positive, safe and healthy working environment
- Conduct training, enhancement of skills and job upgrading functions

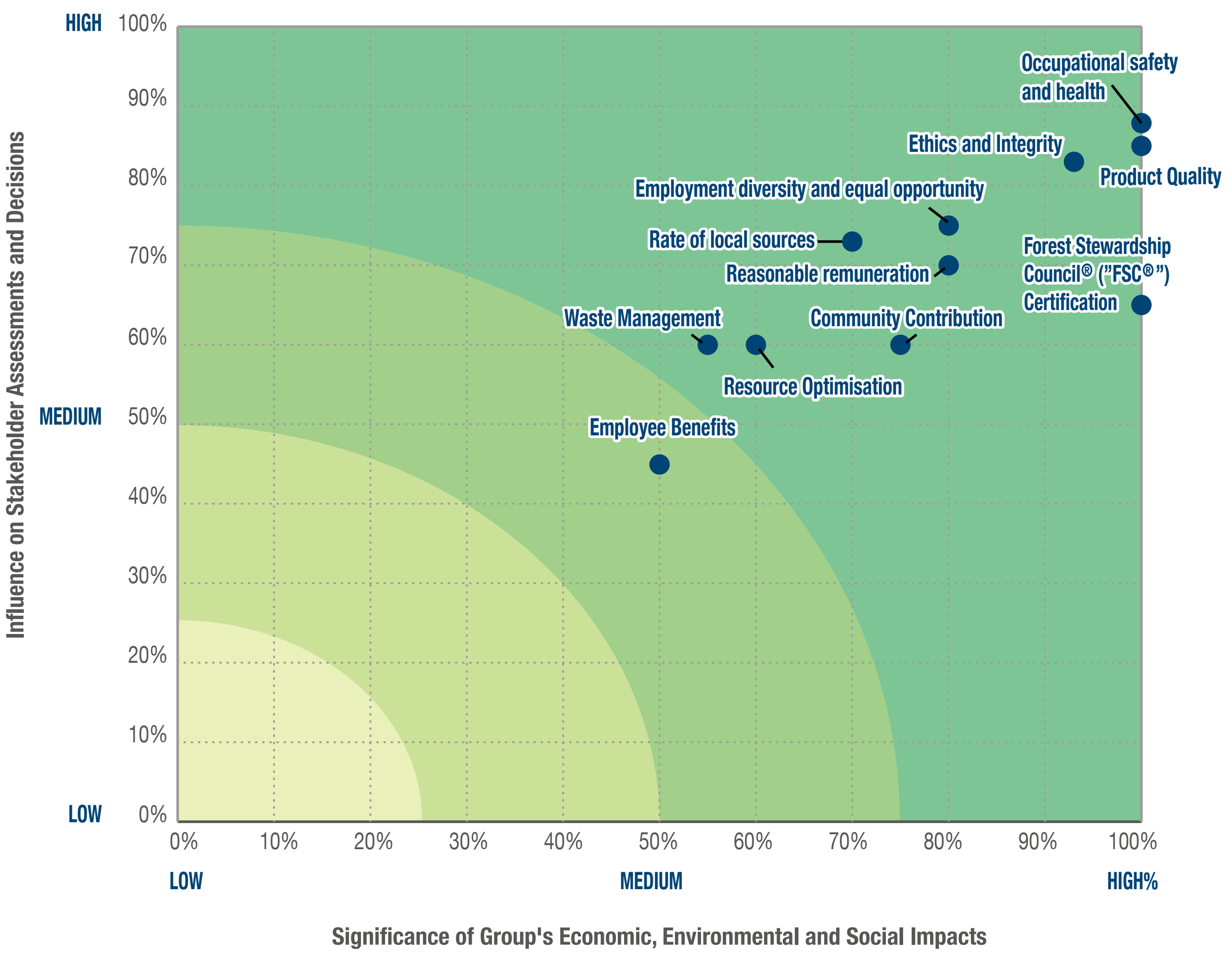
Based on the interest indication as well as feedback received from HPP Holdings' stakeholder groups during the engagement process, our Group identifies and prioritises issues and matters which are most relevant to each of the stakeholder groups. Each stakeholder group is assessed by our Board based on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

With reference to the SRG and in the context of our 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 our 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 affecting our Group's sustainability goals. Accordingly, the material sustainability initiatives undertaken by our Group are illustrated in the diagram below:

Board of Directors



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

Sustainability Statement

03

Sustainability Activities

(I) ECONOMIC

(A) Product Quality

Our Group specialises in 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. The two (2) subsidiaries that are principally 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 our Group. To comply with these requirements, our Group has developed and implemented quality check ("**QC**") procedures and standard operating procedures to be followed by the production team and conduct QC 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 entities are tabled below:

(i) Hayan Prints

Department	FYE 31 May 2021	FYE 31 May 2022	FYE 31 May 2023
Printing	0.08%	0.03%	0.03%
Lamination	0.20%	0.08%	0.03%
Die Cut	0.09%	0.09%	0.03%
Gluing	0.01%	0.00%	0.01%
Subcontractor Varnish	0.63%	0.18%	0.21%
Paper / Single Face	0.11%	0.34%	0.12%
Average	**0.18%**	**0.12%**	**0.07%**

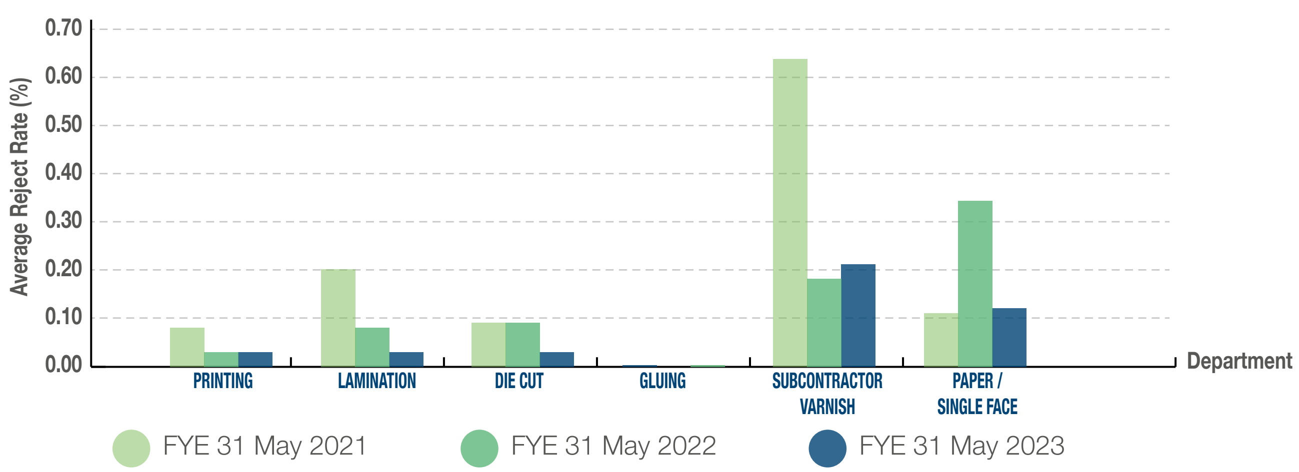
(ii) Envy Premium

Department	FYE 31 May 2021	FYE 31 May 2022	FYE 31 May 2023
Production	0.98%	1.13%	4.03%

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 the average rejection rate of Envy Premium has increased to approximately 4.03% for its products.

In managing the quality control of Envy Premium, our Group continues to educate and equip the production team in Envy Premium with quality improvement tools (i.e. stringent quality control review and deployment of rectification action plans) to further improve the quality control process in Envy Premium.

Production Reject Rate by Department (Hayan Prints)

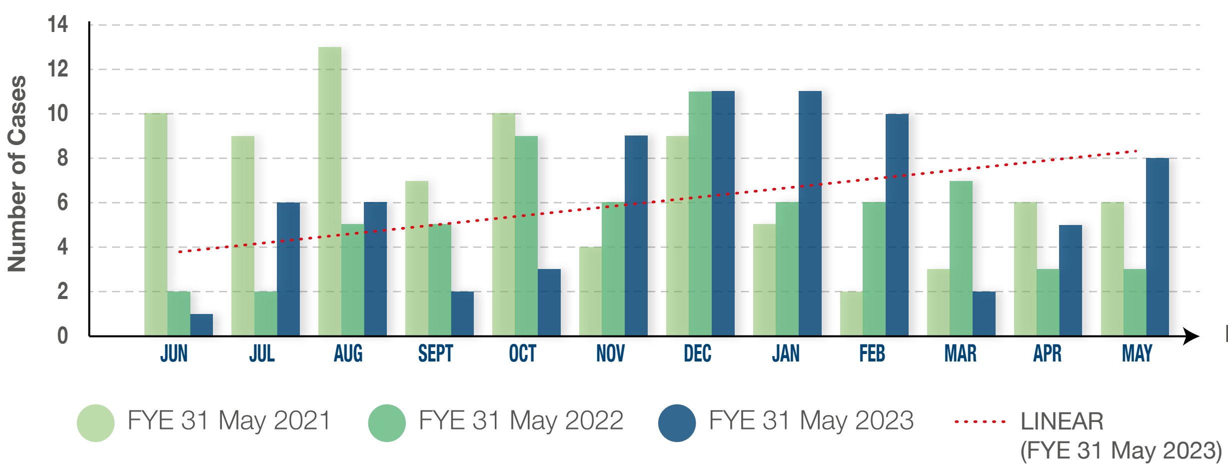


Source: Hayan Prints' Production Rejection Rate from FYE 31 May 2021 to FYE 31 May 2023

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 HPP Holdings Berhad are tabled below:



Source: Hayan Prints and Envy Premium's Quality Monitoring Report from FYE 31 May 2021 to FYE 31 May 2023

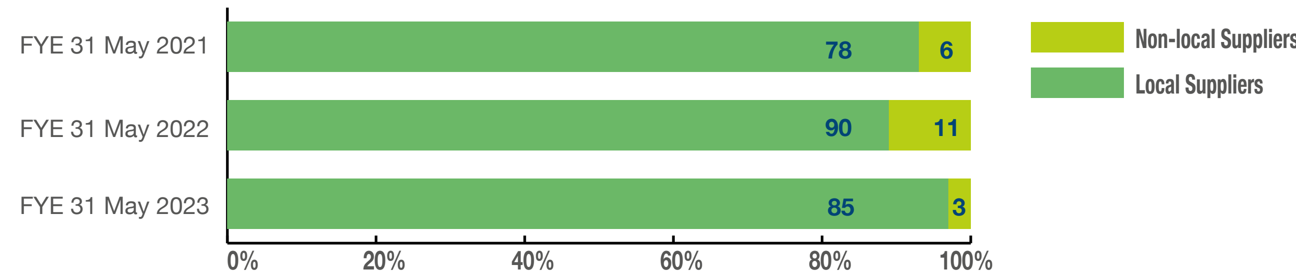
During FYE 31 May 2023, the number of customer complaints was on an increasing trend over the 12 months period. However, the monthly average number of customer complaints for FYE 31 May 2023 was 6 cases (FYE 31 May 2022: 6 cases), whilst total cases for FYE 31 May 2023 is at 74 cases (FYE 31 May 2022: 65 cases), which generally indicated an elevation as compared to FYE 31 May 2022. In conjunction with the expansion of oversea sales, our finished goods were exposed to higher risk of damage with longer transportation period and third party handling that resulted in more customer complaints. The increased number of customer complaints is in tandem with the total amount of sales in FYE 31 May 2023 compared to FYE 31 May 2022.

(B) Rate of Local Sources

Procurement

Our Group continuously strives to ensure 90% of our supplies are locally sourced.

(i) HAYAN PRINTS

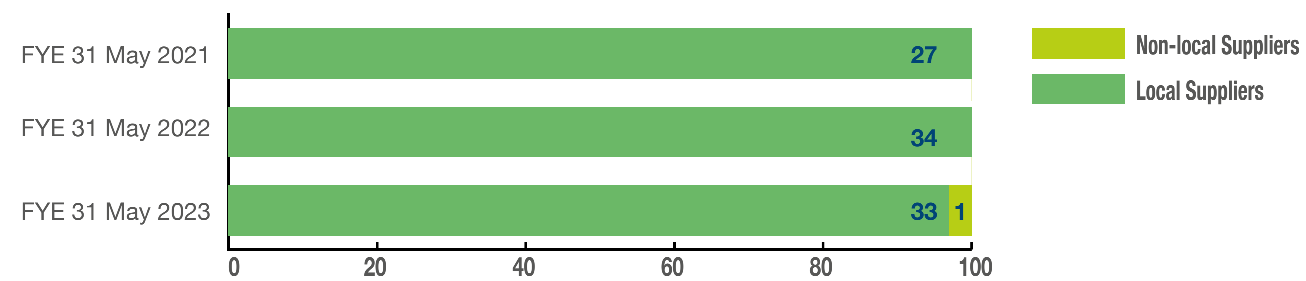


Suppliers	FYE 31 May 2021		FYE 31 May 2022		FYE 31 May 2023	
	Number	Amount (RM'000)	Number	Amount (RM'000)	Number	Amount (RM'000)
Local	78	43,060	90	40,778	85	33,991
Non-Local	6	6,911	11	1,910	3	1,692
Total	84	49,971	101	42,688	88	35,683
Percentage (Local / Total)	93%	86%	89%	96%	97%	95%

Source: Supplier Listing as at 31 May 2021, 31 May 2022 and 31 May 2023

As at 31 May 2023, Hayan Prints has 85 registered local suppliers as compared to 90 in FYE 31 May 2022. Despite a slight decrease in overall number of local suppliers, the percentage of local suppliers over the total number of suppliers increased from 89% in FYE 31 May 2022 to 97% in FYE 31 May 2023. This further demonstrated our Group's commitment to ensure our supplies are least 90% sourced locally.

(ii) Envy Premium



Suppliers	FYE 31 May 2021		FYE 31 May 2022		FYE 31 May 2023	
	Number	Amount (RM'000)	Number	Amount (RM'000)	Number	Amount (RM'000)
Local	27	14,805	34	7,319	33	5,110
Non Local	-	-	-	-	1	135
Total	27	14,805	34	7,319	34	5,245
Percentage (Local / Total)	100%	100%	100%	100%	97%	97%

Source: Supplier Listing as at 31 May 2021, 31 May 2022 and 31 May 2023

As at 31 May 2023, Envy Premium has 33 registered local suppliers and 1 non-local supplier. The number of local suppliers has decreased from 34 in FYE 31 May 2022 to 33 in FYE 31 May 2023 and a non-local supplier was engaged. The engagement of the non-local supplier was to diversify the sources of supplies in order to have competitive prices as well as improved quality in supplies. Nevertheless, supplies of Envy Premium continues to meet our Group's target where supplies are at least 90% sourced locally.

(C) Ethics And Integrity

HPP Holdings adopts a zero-tolerance stance against fraud, bribery and corruption. Apart from the Code of Conduct and Ethics, 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 & Anti-Corruption ("**ABAC**") Policy is communicated to employees via various platforms, including our Group's corporate website, training sessions and induction programmes. Up to 83% of our employees have completed the training as of to-date.

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 shall be taken seriously, and every employee is to uphold the promulgated business ethics when carrying out their tasks and responsibilities.

In FYE 2023, 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 ABAC or the Code of Conduct and Ethics policies. HPP Holdings remains committed towards preserving this record and will continue to uphold high levels of integrity and ethical standards.

In addition, we have communicated our Group's ABAC, Code of Conduct and Ethics and Whistleblowing policies to our suppliers, sales agents, customers, and all related stakeholders during the FYE 31 May 2023.

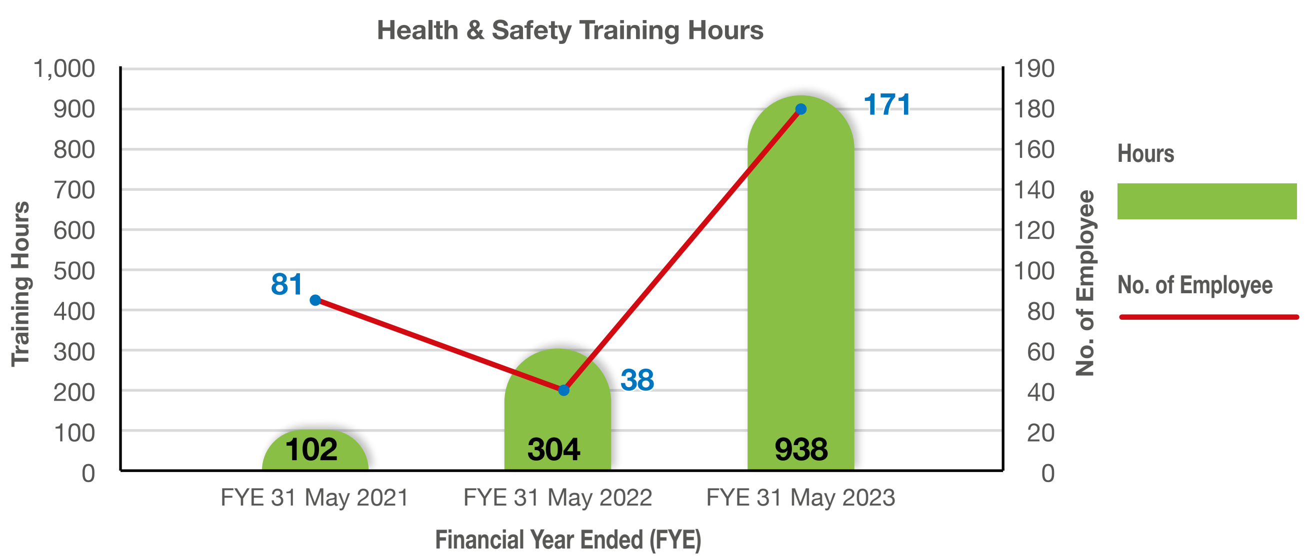
(II) SOCIAL

(A) Occupational Safety and Health ("OSH")

OSH remains a significant employee welfare consideration in HPP Holdings. Our Group advocates safe and healthy working environment as the wellbeing of our employees and related stakeholders is one of the key factors 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, apart from instituting safety measures at the workplace, is continuous education and training provided to employees.

OSH Training

As at 31 May 2023, a total 938 training hours was provided to 171 employees by our Group.



Source: Training listing related to Health and Safety from FYE 31 May 2021 to FYE 31 May 2023

During the FYE 31 May 2023, the number of participants who attended training was higher as compared to the previous financial years. The training hours have also increased three (3) fold from 304 hours (FYE 31 May 2022) to 938 hours (FYE 31 May 2023).

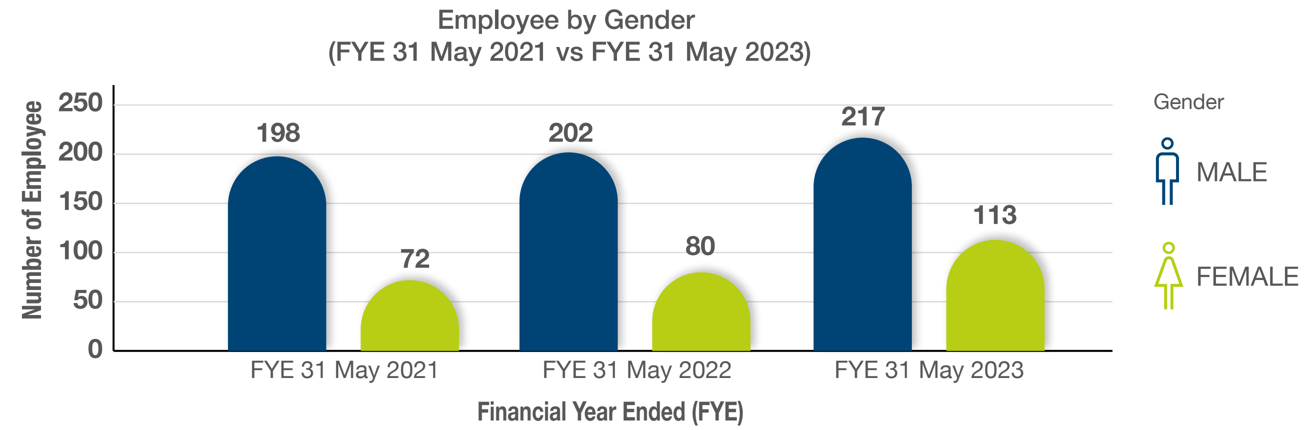
Our Group remains committed towards preventing the occurrence of accidents and aims to keep the number of accidents to zero (0). During FYE 31 May 2023, our Group managed to achieve zero (0) number of accidents compared with one (1) accident reported during FYE 31 May 2022. With increased training, employees have shown greater awareness of safety and health at the workplace, and the need to prevent the occurrence of accidents.

Our Group has Emergency Response Procedures ("**ERP**") in place to ensure our employees understand the course of action to handle accidents or emergencies based on the type of incidents. The ERP was formulated in accordance to the Material Safety Data Sheet ("**MSDS**"). Safety and Health Officer and Safety and Health Committee had been appointed to oversee the execution of ERP. In addition, Chemical Health Risk Assessment Report ("**CHRA**") and Noise Risk Assessment Report ("**NRA**") are conducted periodically by accredited party to warrant our employees' safety and to ensure our Group's safety and health compliance. Safety boots, safety earplugs, chemical gloves, googles and masks are provided to employees in production department.

Additional Safety Measures Imposed Due to COVID-19 Pandemic

In protecting employees at work, additional safety measures and strict adherence to Standard Operating Procedures ("**SOP**") were imposed by our Group to curb the spread of COVID-19 at the workplace. Our Group continues to provide hand sanitisers and face masks to employees at work. Our Group also provided COVID-19 self-test kit to suspected infected employees.

(B) Employment Diversity and Equal Opportunity



Source: Total number of employees for Hayan Prints and Envy Premium as at 31 May 2023

Number of Employee	Male	Female	Total
FYE 31 May 2021	198	72	270
FYE 31 May 2022	202	80	282
FYE 31 May 2023	217	113	330
Increase (YoY, numbers)	15	33	48
Increase (YoY, %)	7.43%	41.25%	17.02%

Source: Total number of employees for Hayan Prints and Envy Premium as at 31 May 2023

As at 31 May 2023, our Group had a total of 330 employees, comprising 217 male and 113 female. The total number of employees has shown an increase of 17.02% in FYE 31 May 2023 from the total of 282 employees in FYE 31 May 2022. The gender diversity ratio (Male:Female) has shown an improvement from 72:28 in FYE 31 May 2022 to 66:34 in FYE 31 May 2023 contributed by the extensive increase of 33 female employees in contrast with merely 15 additional of male employees.

(C) Reasonable Remuneration

Our Group pays our employees compensation (salaries and wages) and benefits in accordance with the prevailing labour laws that are applicable to both gender. In addition, we reward our employees based on their merit and talent without any discrimination of gender or race or nationality.

Our 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 throughout our Group.

Number of cases as at end of the financial year	2021	2022	2023
Discrimination and harassment incidents reported	0	0	0
Grievance related incidents reported	0	0	0
Child labour incidents	0	0	0
Forced or compulsory labour incidents	0	0	0

(D) Employee Benefit

Training and Development

Our 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 with a view to enhance their skills and competencies.

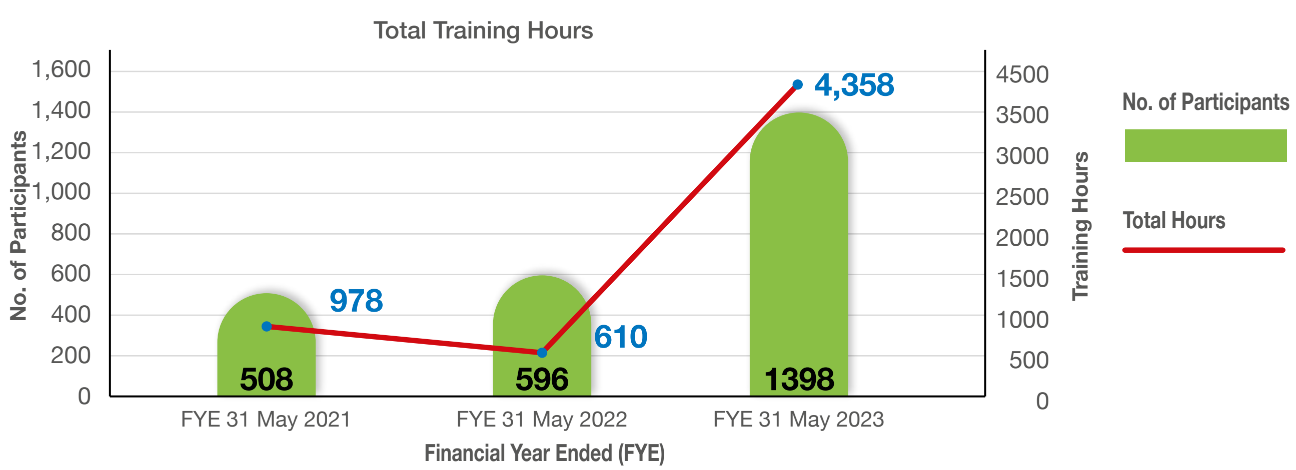
Respective heads of department are required to identify the training needs of their subordinates in each financial year end. All recommendations for training will be provided to the Human Resource Department for review and compilation into a master training plan, prepared for Key Senior Management's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

During FYE 31 May 2023, a total of 4,358 training hours were provided to 1,398 employees.

FYE	31 May 2021	31 May 2022	31 May 2023
Number of Participants*	508	596	1,398
Total Hours	978	610	4,358

**Note: Number of participants is based on number of employees who attended each training. Employees may attend a few training over the financial year.*

The total training hours has increased from 610 hours in FYE 31 May 2022 to 4,358 hours in FYE 31 May 2023 whereas the number of participants also rose from 596 to 1,398. Our Group has placed great emphasis to boost the morale and career development of fellow employees with more training being conducted both internally and externally during FYE 31 May 2023 when compared to the previous financial year.



Work-Life Balance

Our 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 three (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 98 consecutive days for every pregnancy while all male employees are entitled to enjoy seven (7) days paid paternity leave up to five (5) child births. Three (3) days compassionate leave are permitted for all employees within our Group.

(E) Community Contribution

A blood donation event was co-organised with KIPMall in Melaka on 13 May 2023 to support the replenishment of the local blood bank and to raise awareness for the public.

The achievement of the blood donation event was as below:

Goal	Achievement	Achievement Rate (%)
150 donors	107 qualified donors	71%
More than 150 registrations	139 registered individuals	93%

Our Group also made a cash donation to a local orphanage, Pusat Jagaan Kasih Sayang Angel. Furthermore, our Group hosted a field trip for a group of students from Kolej Yayasan Saad to understand better of our printing process.

Our Group will continue carrying out CSR activities to contribute towards creating value and enhancing development of the local communities we serve.

Field Trip Visit 2023

Blood Donation Campaign 2023

(III) ENVIRONMENT

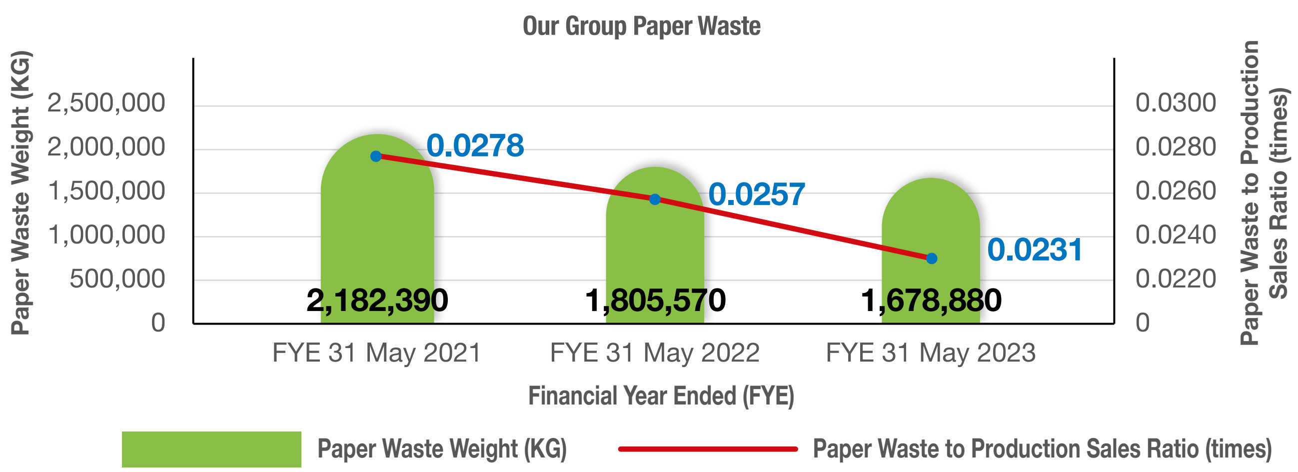
Our Group strives to continuously work on managing the greenhouse emissions of its daily operations so as to ensure that emission levels remain reasonably low, and the utilisation of its resources remain optimal.

(A) Waste Management

Our Group's printing and production activities generate certain waste such as paper waste, scheduled waste, alcohol and diesel. As part of our sustainability efforts, we closely monitor the generation of such wastes (i.e. usage per production output) and actively manage the effects arising therefrom.

Paper Waste

Our Group collects paper waste from the pre-press process (i.e. paper cutting process) for recycling purposes. In facilitating the collection of paper waste, a waste paper baler machine has been installed where paper waste from the die-cutting machine is 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 2021	FYE 31 May 2022	FYE 31 May 2023
Paper Waste Weight (KG)	2,182,390	1,805,570	1,678,880
Production Sales* (RM)	78,573,488	70,154,705	72,561,471
Paper Waste to Production Sales Ratio (times)	0.0278	0.0257	0.0231

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

Paper waste decreased to 1,678,880KG in FYE 31 May 2023 from 1,805,570KG in FYE 31 May 2022, as a result of improved efficiency in our raw material usage. The paper waste to production sales ratio has improved to 0.0231 times. Our Group will continue to monitor the paper waste generated from our 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 are not hazardous in nature, we are 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:

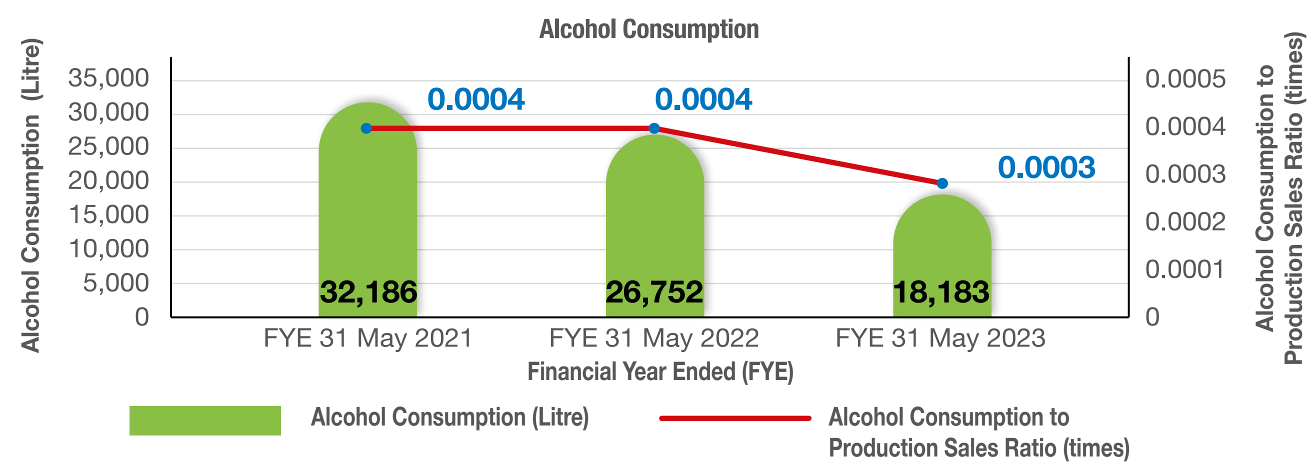
Total	SW 409	SW 410	SW 417
FYE 31 May 2021			
Weight (KG)	1,599	3,959	76,078
Production Sales* (RM)		78,573,488	
Scheduled Waste to Production Sales Ratio (times)	0.00002	0.00005	0.00097
FYE 31 May 2022			
Weight (KG)	1,890	3,880	54,064
Production Sales* (RM)		70,154,705	
Scheduled Waste to Production Sales Ratio (times)	0.00003	0.00006	0.00077
FYE 31 May 2023			
Weight (KG)	1,884	3,925	47,085
Production Sales* (RM)		72,561,471	
Scheduled Waste to Production Sales Ratio (times)	0.00003	0.00005	0.00065

** Total Sales generated from manufacturing activities 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 47,085KG in FYE 31 May 2023 from 54,064KG in FYE 31 May 2022 after implementation of a new ink kitchen during FYE 31 May 2023 and long run of the two (2) printing machines acquired 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 2021, FYE 31 May 2022 and FYE 31 May 2023 was as below:



Total	FYE 31 May 2021	FYE 31 May 2022	FYE 31 May 2023
Alcohol Consumption (Litre)	32,186	26,752	18,183
Production Sales* (RM)	78,573,488	70,154,705	72,561,471
Alcohol Consumption to Production Sales Ratio (times)	0.0004	0.0004	0.0003

** 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 a decreased consumption of alcohol in FYE 31 May 2022. Thereafter, alcohol consumption was relatively consistent in tandem with sales volume at the ratio of 0.0003 times in FYE 31 May 2023.

Diesel and Petrol

Our Group uses diesel in its operations, especially in the transportation and delivery of our products. The diesel consumed by our Group in FYE 31 May 2021, FYE 31 May 2022 and FYE 31 May 2023 was as below:

Total	FYE 31 May 2021	FYE 31 May 2022	FYE 31 May 2023
Total Sales (RM)	106,681,920	85,762,950	80,803,519
Diesel (Litre)	144,886	153,058	131,715
Diesel (Litre) per Total Sales (RM)	0.0014	0.0018	0.0016

The diesel consumption decreased from 153,058 litres in FYE 31 May 2022 to 131,715 litres in FYE 31 May 2023 (decreased by approximately 14%) while the diesel consumption rate per total sales decreased from RM0.0018 (FYE 31 May 2022) to RM0.0016 (FYE 31 May 2023).

The decreased in diesel consumption in FYE 31 May 2023 is relatively consistent in tandem with the sales volume.

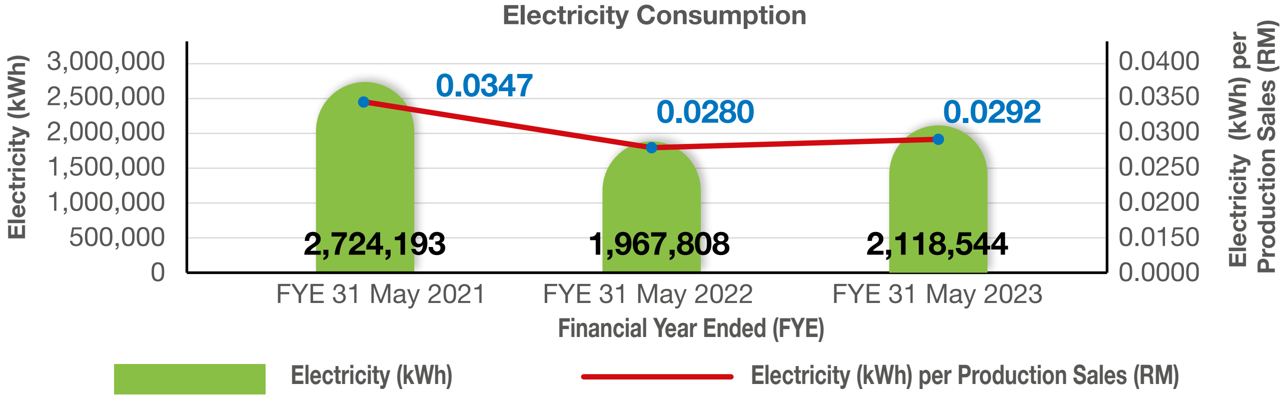
(B) Resource Optimisation

Our 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 their 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:

Electricity Consumption



Total	FYE 31 May 2021	FYE 31 May 2022	FYE 31 May 2023
Production Sales* (RM)	78,573,488	70,154,705	72,561,471
Electricity (kWh)	2,724,193	1,967,808	2,118,544
Electricity (kWh) per Production Sales (RM)	0.0347	0.0280	0.0292

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

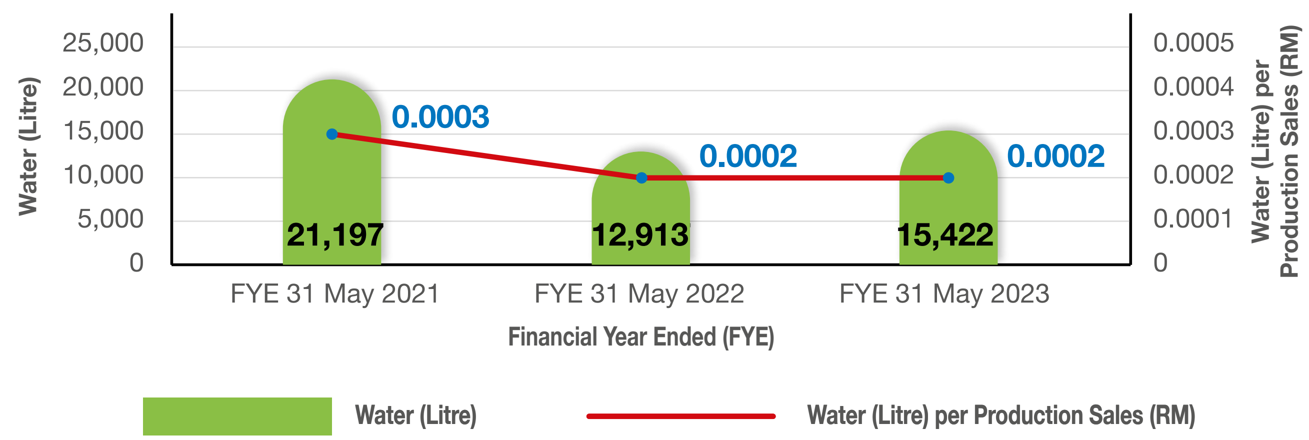
Three (3) solar panels were installed in Hayan Prints' factory since May 2021 with capacity of 340.34 kWp,160.16 kWp and 246.61 kWp respectively. Installation of the solar panels aimed to reduce our Group's carbon footprints.

The electricity usage per sales generated for FYE 31 May 2023 remained low at RM0.0292. The electricity consumption increased from 1,967,808 kWh in FYE 31 May 2022 to 2,118,544 kWh in FYE 31 May 2023. The rise of electricity consumption in FYE 31 May 2023 is in line with the increase in total production sales value.

Water Consumption

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

Water Consumption



Total	FYE 31 May 2021	FYE 31 May 2022	FYE 31 May 2023
Production Sales* (RM)	78,573,488	70,154,705	72,561,471
Water (Litre)	21,197	12,913	15,422
Water (Litre) per Production Sales (RM)	0.0003	0.0002	0.0002

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

Combined water consumption across Hayan Prints and Envy Premium increased from 12,913 litres to 15,422 litres (increased by approximately 19%) in tandem with the increase in total production sales value. The water consumption per production sales generated remains at RM0.0002 in FYE 31 May 2023 similar to RM0.0002 in FYE 31 May 2022.

(C) Forest Stewardship Council® Certification

Forest Stewardship Council ("**FSC®**") is a globally recognised certification system with million hectares of forestland certified under its forest conservation standards.

Our 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, our Group always ensure that the information on origin and species is available when purchasing FSC® -certified material. The same information is also available for our Group's customers when they purchase our Group's products.

As at 31 May 2023, our Group had a total of 11 suppliers with FSC® certification registered under Hayan Prints and Envy Premium for the supply of paperboard, with 3 customers who had ordered products using such certified paperboard.

04

Key Performance Indicator

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

Economic

- Product quality
- Rate of local sources

Social

- Reasonable remuneration system
- Employment diversity and equal opportunity
- Incidences of accidents at workplace

Enviroment

- Waste management
- Resource optimisation
- FSC® certification

Conclusion

The above embedded practices and goals demonstrate our Group's commitment towards sustainability for the betterment of the economy, environment and social aspects of the community we operate 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. Our Group remains optimistic that such small steps will eventually lead to the realisation of our Group's sustainability aspirations and success.

Corporate Governance Overview Statement

At HPP Holdings Berhad ("**Company**" or "**HPP Holdings**"), our Board firmly believes that a robust system of corporate governance serves as the cornerstone of our Group's ethical and sustainable business practices. As such, our Board is committed to ensure high standards of corporate governance are practiced throughout our Company and its subsidiaries ("**Group**") to enhance shareholders' value and improve our Group's financial performance.

Pursuant to Rule 15.25 of ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Listing Requirements**"), our Board is pleased to present the Corporate Governance ("**CG**") Overview Statement for the financial year ended 31 May 2023 ("**FYE 2023**") that provides a summary on the Company's application of the principles and recommended practices of corporate governance 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 Company's CG Report, which provides a comprehensive view on how the Group has applied the practices as set out in MCCG 2021 and is available on our Group's website at www.hppholdings.com.

Our Board is pleased to report that in FYE 2023, HPP Holdings has applied all the practices encapsulated in MCCG 2021, except for Practice 5.9, Practice 8.2 and Practice 13.3. In line with the recommended practices of MCCG 2021, our Company has provided explanations for the departure, disclosed the alternative practice it has adopted and how the alternative practice achieves the intended outcome.

01

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

Our Board continues to play a prominent role to promote and maintain high standards of CG throughout our Group for continuous sustainability growths and safeguarding the best interests of the stakeholders. Led by the Chairman, our Board recognises its key roles in charting the strategic direction for our Group and has assumed the following key responsibilities in discharging its fiduciary and leadership functions:

- Review and approve business proposals, corporate strategies and key policies for our Group and oversee the Management's performance in executing them to determine whether the business is being properly managed;
- Shaping the culture and values of our Group to ensure that upmost integrity is demonstrated throughout its business operations;
- Review the adequacy and effectiveness of our Group's controls and system, and the extent of compliance with applicable laws, regulations, directives, amendments, and guidelines;
- Establish and maintain a clear and effective communication channel with the stakeholders; and
- Promote good CG culture within our Group which reinforces ethical, prudent and professional behaviour.

Our Board is guided by the Board Charter which outlines the duties and responsibilities of our Board and defines the matters which specifically require our Board's approval or guidance. The Board Charter is made available on our Group's website.

At present, our Board is supported by three (3) Board Committees, consisting the Audit and Risk Management Committee ("**ARMC**"), Nomination Committee ("**NC**") and Remuneration Committee ("**RC**"). Each Board Committee is delegated with specific responsibilities to oversee the Company's affairs and authorised to act within their respective Terms of Reference ("**TOR**"). Similar to our Board, each Board Committee is supported with adequate resources and equally granted with access to independent advice as required for the execution of its tasks. Our Board Committees actively partake the quarterly Board Meetings to provide their point of views and recommendations on matters relevant to their designated duties and responsibilities. The minutes of the respective Board Committee meetings are tabled at the quarterly Board meetings to ensure that our Board is consistently aware of the decision and deliberation made by respective Board Committees.

Our Board ensures that the positions of Board Chairman and Group Managing Director ("**MD**") are held by different individuals, with respect to the principle of segregation of duties. The roles and responsibilities of our 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.

Qualified and Competent Company Secretaries

Our Board is of the view that the current Company Secretaries are suitably qualified to support our Board and Board Committees in ensuring that all governance matters and Board procedures are followed and that applicable laws and regulations are complied with. The Board was updated by the Company Secretaries on the relevant statutory and regulatory changes from time to time at the Board meetings.

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 circulated to our 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 review by the Board and Board Committees subsequent to each meeting.

Detailed information on the Directors' attendance at Board Meetings during FYE 2023 is tabulated as follows:

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	5/5
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	4/5

All directors have satisfied 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 recognises the importance of maintaining high standard of ethics and has adopted the Code of Conduct and Ethics, which outlines the ethical values and standards expected from both directors and employees of our Group whilst discharging their designated duties and responsibilities.

Corporate Governance Overview Statement

On top of that, an Anti-Bribery and Anti-Corruption Policy has been developed to ensure our Group conducts its business in an ethical manner as well as inculcating good CG practices and accountability in the Group's businesses and operations.

Whistleblowing Policy

Our Board has established the Whistleblowing Policy to provide a secured and confidential avenue for all stakeholders to make good-faith disclosure and report instances of suspicious behaviour, suspicious transaction or business malpractices without the fear of reprisal. The Whistleblowing Policy is made available on our Group's website.

Governance of Sustainability

One of the key responsibilities of our 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, our 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 to promote sustainability.

Our 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 in this Annual Report.

II. Board Composition

Our Board currently comprises six (6) members, which includes a Non-Independent Non-Executive Chairman, three (3) Independent Non-Executive Directors ("**INEDs**") and two (2) Executive Directors with a mix of skill sets in the areas of finance, corporate management, tax and other corporate matters. The current Board composition satisfies the requirements as stipulated under Rule 15.02(1) of the Listing Requirements, which requires a minimum of two (2) directors or one-third of the Board, whichever is higher, must be independent. The profiles of each Board member are set out in the Directors' Profile section of this Annual Report.

Our 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 NC comprises exclusively of three (3) INEDs. The NC had met once in FYE 2023 and their respective attendance records are tabulated as below:

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

The NC is responsible for identifying, evaluating and recommending qualified candidates for Board membership, as well as for assessing the performance of each Director on an annual basis. The NC also reviews and recommends to our Board candidates for re-election as directors 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.

During the financial year under review, the following key activities were undertaken by the NC:

- Reviewed and recommended to the Board the adoption of Directors' Fit and Proper Policy in accordance with the Listing Requirements.
- Deliberated on the succession planning for our Key Senior Management.
- Performed an assessment on:
  - Effectiveness of our 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 our 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.
- Reviewed and recommended to our Board the re-election of Directors at the Fourth Annual General Meeting ("**AGM**") pursuant to the Companies Act 2016 and the Company's Constitution;
- Reviewed and recommended to the Board the revisions to TOR of NC in alignment with the Directors' Fit and Proper Policy and Listing Requirements;
- Approve the nomination of identified successor to the current ARMC Chairman; and
- Proposed to appoint a female Independent Non-Executive Director with legal competence.

In accordance with the Company's Constitution, an election of Directors shall take place each year at an AGM and one-third (1/3) of the Directors are subject to retirement by rotation, in any event, each Director shall retire from office once in every three (3) years. The Directors to retire in each year are the Directors who have been longest in office since their last appointment or re-election. The Directors appointed by the Board during the financial year are subject to retirement at the next AGM held following their appointments in accordance with the Company's Constitution. All retiring Directors are eligible for re-election. The re-election of each Director is voted on separate resolution during the AGM of the Company.

Based on the schedule of rotation, the following Directors are subject to retirement by rotation pursuant to Clause 76(3) of the Company's Constitution at the forthcoming Fifth AGM:-

- Mr Lau Tee Tee @ Lau Kim Wah; and
- Mr Kok Hon Seng.

The aforesaid Directors have expressed their intention to seek for re-election at the forthcoming Fifth AGM.

The NC had also taken into the consideration the outcome of the Directors' self-assessment before making recommendations to the Board for Directors who would be seeking for re-election at the AGM, and whether the Directors are 'fit and proper' under the Directors' Fit and Proper Policy after receiving submissions from the aforesaid retiring Directors.

The NC took reasonable steps to conduct checks using external information as part of the assessment process on whether the directors have the (i) Character and Integrity; (ii) Experience and Competence; and (iii) Time Commitment to do the job in accordance with the Directors' Fit and Proper Policy. The fit and proper assessments are supported by relevant independent sources in relation to the persons being assessed.

The profile on directors who are standing for re-election are provided in the Annual Report to facilitate shareholders to make informed decision.

Board Independence

Our Board recognises the significant contribution by the INEDs to our Group in providing fair and unbiased judgements / perceptions to our Board during the decision-making process. As such, our Board has maintained half of its Board to consist of INEDs. INEDs who are retained beyond nine (9) years must be re-assessed as our Board is required to provide justification and to seek shareholder's approvals for their re-appointment through a two-tier voting process.

At present, there are no instances where any of the INEDs' tenure have exceeded a cumulative term of nine (9) years as recommended by MCCG 2021.

Corporate Governance Overview Statement

Board Diversity

Our Company endeavours to have a balanced representation after taking into consideration the required mix of skills, age, gender, ethnicity, background and experiences amongst its directors, officers and employees. Although our Board has only one (1) female director, representing approximately 17% of our Board composition, our Board acknowledges the importance of boardroom diversity and take cognisance of the recommendation of the MCCG 2021 to have 30% women directors. Our Board supports the initiative to include woman representation on our Board and has adopted a Board Diversity Policy. Henceforth, suitably qualified female candidates who can contribute to our 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 our Board.

Board Effectiveness

Our Board is aware of the importance of evaluating the effectiveness of individual directors, our Board as a whole and its Board Committees. Our 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 our Board. Based on results of the annual assessment for FYE 2023, 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.

Continuing Professional Development of Directors

All our directors had completed the Mandatory Accreditation Programme Part I and will complete the MAP Part II within the prescribed timeframe. Our directors continuously identify and attend appropriate seminars, conferences and courses to equip themselves effectively to discharge their duties as Directors on a prospective approach. During the financial year under review, our directors have attended various training programmes and seminars. Details of the trainings and seminars undertaken are stated below:

Name of Directors	Seminars / Forum / Training
Lau Tee Tee @ Lau Kim Wah	• Environmental, Social and Governance training on: - Malaysian Code of Corporate Governance 2021 - Sustainable Development Goals - Sustainability Reporting Requirements - Sustainability Reporting Guide and Toolkits (hereinafter referred to as "ESG Training")
Kok Hon Seng	• ESG Training
Ng Soh Hoon	• ESG Training
Philip Goh Teck Siang	• ESG Training
Choo Chee Beng	• ESG Training • Green Finance for Accountants • Board of Director Leadership - ESG Essentials
Lee Chong Leng	• Preparation, approval, and circulation of financial statements by directors & passing resolutions at meeting of members • ESG and sustainability reporting & a review of recent case law involving on the interpretation of various provisions of Companies Act 2016 • Companies Act 2016 - What can be paid to directors and are the payments legal? • Engagement Quality Reviews and Documentation: ISQM 2, ISA 220 & ISA 230 • Notice and procedure at meeting and its procedures and applications • Post Budget 2023 • 2023 Budget Seminar • ESG Training • Practical guide for the company secretaries - share capital in private companies and its practice & embracing the MCCG 2021 • Corporate Tax Strategies

III. Remuneration

Remuneration Committee

The RC, comprises three (3) INEDs, assists our Board on matters pertaining to the remuneration packages as well as periodically review the Remuneration Policy of our Group. During the financial year under review, the RC had met twice and their respective attendance records are tabulated below:

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

The RC is responsible in recommending and advising our 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, our Board reserves the ultimate rights in approving the remuneration of all Directors and Key Senior Management whenever deemed necessary. The fees and allowance payable to the Executive Directors and Non-Executive Directors are subject to the approval of shareholders at the AGM.

Details of the remuneration of Directors and top five (5) Senior Management for the FYE 2023 are disclosed in the CG Report which is made available on our Group's website.

02

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit and Risk Management Committee

The ARMC has been mandated to assist and support our Board in discharging 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 transactions, governance and matters that impact the affairs of our Group's and Company's businesses and financial conditions.

The current ARMC is chaired by Mr Philip Goh Teck Seng, an INED, and supported by two (2) other INEDs, namely Mr Choo Chee Beng and Mr Lee Chong Leng. All members of ARMC are granted with direct and unrestricted access to Management, the external audit and internal audit function of our Group to effectively discharge their designated roles and responsibilities. The authority, duties and responsibilities of the ARMC and the summary of work carried out to discharge its duties for FYE 2023 are detailed in the ARMC Report of this Annual Report.

II. Risk Management and Internal Control Framework

Our Board is committed to operate a sound system of risk management and internal control and concurred that the system must continuously evolve to safeguard the best interest of stakeholders and support the progressive business growth of our Group.

Our 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. Presently, the ARMC engages an independent professional internal audit service firm to review the adequacy and effectiveness of the internal controls and risk management system on a periodic basis.

Corporate Governance Overview Statement

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

03

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

I. Engagement with Stakeholders

Our Board is aware of the importance of corporate disclosure policies to enable comprehensive, accurate and timely disclosure of matters relating to our Group to be made to both external stakeholders and internal stakeholders. Accordingly, our Group has incorporated the relevant procedures and guidelines into its existing Board Charter under Section 12.0 (*Financial Reporting*), Section 14.0 (*Shareholders Relationship*), and Section 15.0 (*Stakeholders Relationship*).

In order to facilitate a transparent and effective communication channel with shareholders and ensure timely disclosures of corporate announcements, our Group has developed and maintained a dedicated section on its Group's website for the disclosure of the relevant corporate information, including our Group's announcements, financial information, annual reports, quarterly financial results, share prices, performances and activities. The said website is the key communication channel for our 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 Fourth AGM was physically held on 27 October 2022. Our Company has opted for a physical platform for better engagement with shareholders as it allows better flow of two-way communication at general meetings. As such, there was no electronic voting and remote shareholder participation for the Fourth AGM. Moving forward, we will consider the adoption of technology to facilitate voting in absentia and remote shareholders' participation in future general meetings to facilitate shareholders' participation.

The corresponding notice for the AGM together with the Annual Report 2022 was issued to shareholders more than 28 days prior to the date of Fourth 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.

All Directors had attended the AGM. The Chairman of the ARMC, RC and NC were present in the AGM to facilitate discussions and address any questions shareholders had on matters that fall under the purview of the respective Board Committees. Our 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.

04

FOCUS AREA DURING THE YEAR

Our Board is cognisant of the importance of good CG practices and in this regard, strives to ensure adequate attention is paid to practices of MCCG 2021 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 our Group. Whilst there are departures by our Group from certain recommended practices advocated by MCCG 2021, our Board is satisfied that the CG processes and practices of our Group is in line with the intended outcome of MCCG 2021. Hence, our 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.

The CG Overview Statement is made in accordance with a resolution passed in the Board Meeting held on 5 September 2023.

Audit And Risk Management Committee Report

Our Board is pleased to present the Audit and Risk Management Committee ("**ARMC**") Report for the FYE 31 May 2023.

01 Composition

The ARMC comprises three (3) members, all of whom are Independent Non-Executive Directors. The current composition of ARMC is as follows:

Philip Goh Teck Siang | *Chairman*
Independent Non-Executive Director

Choo Chee Beng | *Member*
Independent Non-Executive Director

Lee Chong Leng | *Member*
Independent Non-Executive Director

The following best practices of the Malaysian Code on Corporate Governance ("**MCCG 2021**") has 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 2023 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, other Directors 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 Terms of Reference of the ARMC is available on our Group's website at www.hppholdings.com.

04 Summary Of Activities

During the FYE 31 May 2023, 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 2022, 31 August 2022, 30 November 2022 and 28 February 2023 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 disclosure requirements

in accordance with the applicable accounting standards.
- Reviewed and discussed our Group's audited consolidated financial statements for FYE 31 May 2022 together with the External Auditors, before recommending the same to the Board for their approval and inclusion in the Annual Report 2022.

II. Internal Audit

- Received and reviewed a total of four (4) 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 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 2023, 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.
- Discussed with the External Auditors, without the presence of Executive Directors and management, on key audit concerns and findings of our Group.
- Reviewed the competency, professional scepticism, independence and objectivity, technical knowledge and skills, experience and expertise, and resources sufficiency as well as the proposed fees of BDO PLT and subsequently recommended the appointment of BDO PLT as External Auditors of the Company for the FYE 31 May 2023 in replacement of Moore Stephens Associates PLT to the Board for consideration (which was duly approved at the Fourth AGM of the Company).

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 and shareholders' mandate.

V. Risk Management And Internal Control Management

- Considered the significant risk profile of our Group and assessed the adequacy of its risk management system.
- Review Risk Management Working Group report in assisting 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 2022 to our Board for consideration.
- Reviewed and recommended to the Board the following reports/statements for approval and inclusion into the Company's Annual Report 2022:
  - Management Discussion and Analysis;
  - Corporate Governance Overview Statement;
  - Corporate Governance 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 2023 to our Board for approval.
- Reviewed and recommended the Limit of Authority to the Board for adoption.
- Reviewed and verified the allocation of options pursuant to the Employees' Share Option Scheme ("**ESOS**") for FYE 2023 and satisfied that it is in compliance with the criteria set out in the By-Laws and provisions of ESOS.

05

Internal Audit Function

Our Company has outsourced its internal audit function to an independent professional services' firm, 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 assisted by the engagement director and engagement manager, 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 *Chief Audit Executive*	• Fellow Member, Association of Chartered Certified Accountants of UK (ACCA) • Certified Internal Auditor (CIA) • Professional Member, Institute of Internal Auditors (IIA) • Chartered Accountant, Malaysian Institute of Accountants (MIA)

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 on areas reviewed that:

- all key risk areas that are of concern to the Group are identified in the Group Risk Assessment undertaken and the key business processes that are relevant in managing the key risks identified are incorporated into the annual internal audit plan that is approved by the ARMC for the relevant financial year;
- 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 2023, the Outsourced Internal Auditors had carried out the following activities:

- Prepared and presented a revised internal audit plan for the ARMC's approval;
- Reviewed Corporate Governance Compliance, Sales and Marketing, Credit Control and Collection, Business Continuity Planning, Treasury Management and facilitated the Group Risk Assessment in accordance with the approved internal audit plan;
- Conducted 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;
  - Internal Audit Report dated 17 January 2022 on Production and Procurement;
  - Internal Audit Report dated 12 October 2022 on Sales and Marketing and Credit Control and Collection;
  - Internal Audit Report dated 9 January 2023 on Business Continuity Planning: and
  - Internal Audit Report dated 11 April 2023 on Treasury Management;
- 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 RM60,535 with an additional fee of RM22,919 in the FYE 31 May 2023. The additional services were on remuneration for corporate governance compliance review reporting and sustainability reporting.

Further details on the outsourced internal audit function are set out in the Statement on Risk Management and Internal Control on pages 56 and 57 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 2023 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, assisted by the Outsourced Internal Auditor who carried out the Group Risk Assessment, reviewed the risks 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 5 September 2023.

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 FYE 31 May 2023 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

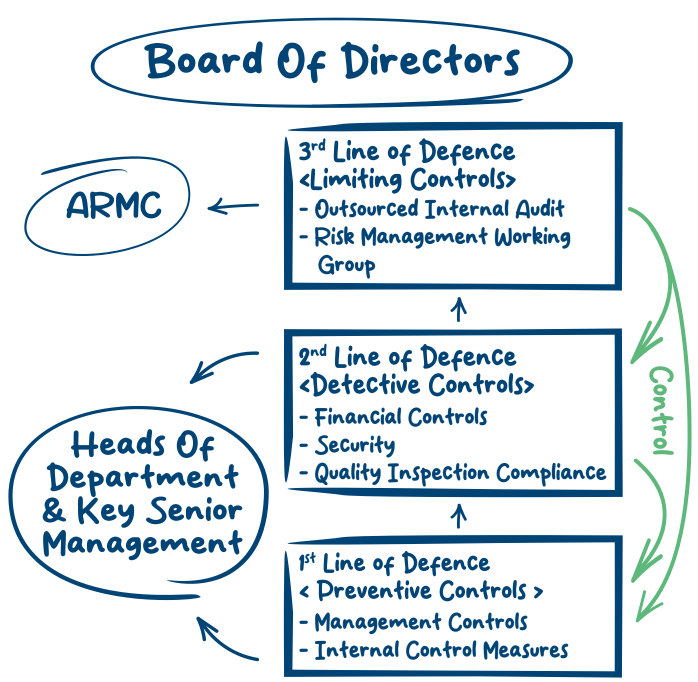
Our Group has established an Enterprise Risk Management ("**ERM**") framework that facilitates a structured approach towards risk management. Our Group's ERM framework comprises two (2) broad components, namely governance structure and risk management processes.

(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 ("**RMWG**") and outsourced internal audit function).

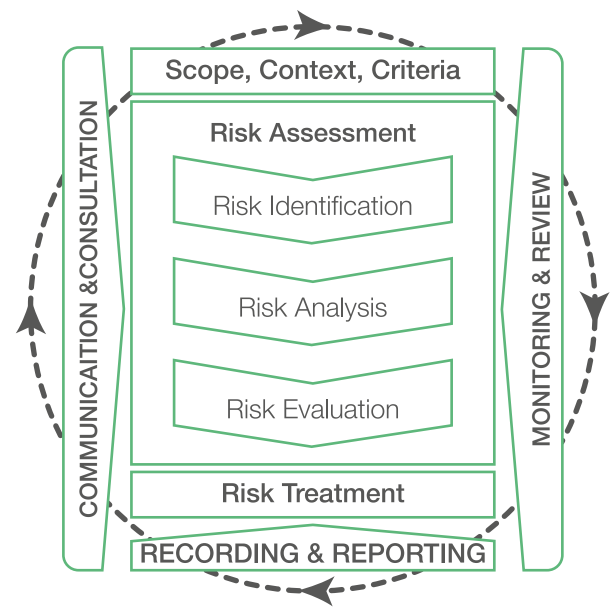
Our Group's risk management reporting structure is illustrated below:

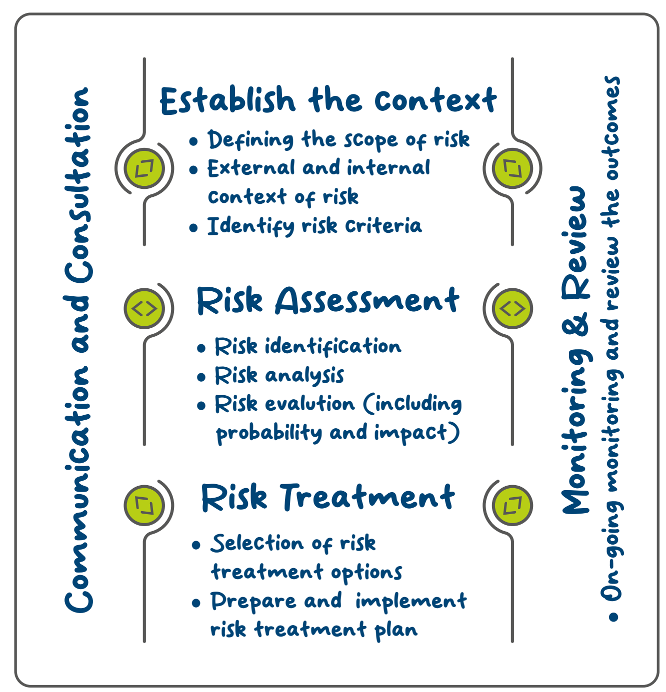


II. Risk Management Processes

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 guided by 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 May 2023.

Our Group Risk Assessment ("**RA**") was undertaken to identify and assess the risks that matter to our 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 timelines 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 input 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 areas:

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

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 financial 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. Risk Management Working Group ("RMWG")

Our Group had formed a RMWG in FYE 2022 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 improvements and sustainability targets to our ARMC for approval.
- Implement the risk management process, which includes the identification of key risks, assessment of probability and quantification of impact, 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 identified risks.
- Ensure that risk strategies adopted are aligned with our Group's strategies and risk management improvement targets.
- Continuous review and update the Key Risk Registers of our Group to ensure that Existing Risks and new Key Risks identified are assessed in terms of their probability and impact, arising from changes in internal business processes, expanded and new lines of business, economic conditions, business strategies and external environment, in order to keep relevant, the Group's risk treatment and risk management action plan.
- 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 have:

- Adopted the RMWG Terms of Reference.
- Collaborated with the outsourced professional service firm to conduct the Group Risk Assessment for FYE 2023.
- Reviewed and devised appropriate risk management action plan in response to the findings in the Group Risk Assessment conducted by the Outsourced Internal Auditors.

The RMWG held one (1) meeting during the financial year.

IV. 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. The financial results of our Group are reported quarterly and significant fluctuations are analysed and where relevant, appropriate actions taken on 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.

V. 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. The ARMC briefs the Board of Directors on the Key Internal Audit Findings.

During the FYE 31 May 2023 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 internal audit plan:

- Sales & Marketing
- Credit Control & Collection
- Business Continuity Planning
- Treasury Management
- Facilitated the 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 2023 as per the audit plan was RM60,535 with an additional fee of RM22,919 incurred for additional services. The additional services were on remuneration for corporate governance compliance review reporting and sustainability reporting.

VI. 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 the key towards 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 our 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. Code of conduct is monitored via control activity monitoring mechanism, non-compliances shall be detected on a timely basis and investigated with appropriate corrective action, including but not limited to disciplinary actions, in order to rectify non-compliance.

(E) Anti-Bribery and Anti-Corruption ("ABAC") 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 also 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.

Our Group formed an Anti-Bribery and Anti-Corruption Working Group ("ABCWG") in FYE 31 May 2022. 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-bribery and anti-corruption policies, conduct bribery and corruption risk assessment, adopt the anti-bribery anti-corruption framework and implement the anti-corruption compliance programme for our Group.

During the financial year, ABCWG have:

- Adopted the ABCWG Terms of Reference.
- Reviewed the effectiveness of the implementation of the ABAC policy where the respective controlling worksheet was prepared in accordance to "TRUST" principles of the ABAC Guideline.
- Reassess the ABAC risk for FYE 2023

(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 in order to support the Group's business activities in achieving the Group's business objectives.
- 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's 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 dailyoperations 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. The recruitment process is periodically reviewed for its efficiency.
- 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 endemic standard operating procedures and practices and has been proactively monitoring such implementation to safeguard the safety and health of all employees.
- Machine Key Performance Indicator (KPI) are formulated on yearly basis to monitor the key divisions and departments against targets established for prompt management action to be addressed on unsatisfactory performance during operational review meeting.
- Group's property, plant and equipment are insured to ensure protection against mishaps and other perils which might result in material losses. Annual reviews are performed by the Management during policy renewals to maintain sufficient coverage.

(H) Planning, monitoring and reporting

- Both Board meetings and ARMC meetings were held five (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, Key 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 public whilst the full year financial statements are also audited by the External Auditors before issuance of the same.

Statement On Risk Management And Internal Control

03 REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Rule 15.23 of the ACE Market Listing Requirements of Bursa Securities, the external auditors have reviewed this Statement in the Annual Report for the financial year ended 31 May 2023. Their review is performed in accordance with Audit and Assurance Practice Guide 3 Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants. The external auditors' procedures have been conducted to assess whether the Statement on Risk Management and Internal Control is supported by the documentation prepared by or for the Directors and that it is an appropriate reflection of the process adopted by the Directors in reviewing the adequacy and integrity of the system of internal control of the Group.

Audit and Assurance Practice Guide 3 does not require the external auditors to consider whether this Statement covers all risk and controls or to form an opinion on the adequacy and effectiveness of the Group's risk and control procedures.

Based on their procedures performed, the external auditors have reported to the Board that nothing has come to their attention to cause them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers nor is this statement 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 2023 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 5 September 2023.

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 undertook a public issue of 88,669,000 new ordinary shares at an issue price of RM0.36 per share, raising gross proceeds of approximately RM31.92 million ("**IPO Proceeds**").

As at 31 May 2023, our utilisation of the IPO Proceeds is 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	(2)Within 36 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**	

Notes:
(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.
(2) There was an extension of time for the allocated proceeds to be utilised from within 24 months to within 36 months.

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 2023 are as follows:

	Our Group RM'000	Our Company RM'000
Audit fees	115	34
Non-audit fees*	5	5
Total	**120**	**39**

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

Additional Compliance Information

03

Material Contracts

There were no material contracts or loan entered into by our Group involving the interest of the Director, Chief Executive Officer or major shareholders during the FYE 31 May 2023.

04

Recurrent Related Party Transactions ("RRPT")

During the FYE 31 May 2023, 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")

On 2 November 2021, our Company established an ESOS involving 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 ESOS for eligible Directors and employees of our Group (excluding subsidiary companies which are dormant, if any). The ESOS will be in force for a period of five (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 exceed15% 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 one (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 one (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).

Additional Compliance Information

V. The ESOS shall be valid for a duration of five (5) years from the effective date and may be extended for such further period after the date of expiration of the original five (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 ten (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 five (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: (i) one single offer (as the case may be) at a time to be determined by the ESOS Committee; or (ii) 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 abovementioned 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, lapsed / forfeited and outstanding during the FYE 31 May 2023:

	Balance as at 1June 2022	No. of ESOS options			Balance as at 31 May 2023
		Granted	Exercised	Lapsed / forfeited	
Directors[(1)]	7,168,600	-	-	-	7,168,600
Employees	29,825,200	-	-	1,001,600	28,823,600
Total	**36,993,800**	**-**	**-**	**1,001,600**	**35,992,200**

Notes:
(1) The ESOS options granted and exercised by the non-executive directors during the FYE 31 May 2023 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 ESOS, approximately 49.01% of the options under the ESOS have been granted to Directors and senior management of the Group, out of which 19.92% and 29.09% 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.

Our Directors are responsible to ensure that the preparation of the financial statements for each financial year 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 our Group and of our Company as at 31 May 2023 and of the financial performance and cash flows for the financial year ended on that date.

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.

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

The statement is made in accordance with a resolution of the Board of Directors dated 5 September 2023.

Reports And Financial Statements For The Financial Year Ended 31 May 2023

HPP HOLDINGS BERHAD

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

Contents

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 2023.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. The principal activities of its subsidiaries are mainly printing, production and trading of paper-based packaging, corrugated boxes, non-corrugated boxes and rigid boxes and investment holding in real property. The principal activities and details of the subsidiaries are disclosed in Note 7 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	9,281,496	6,182,139
Attributable to:		
Owners of the Company	9,306,107	6,182,139
Non-controlling interests	(24,611)	-
	9,281,496	6,182,139

DIVIDENDS

Dividends paid, declared or proposed since the end of the previous financial year were as follows:

	RM
In respect of financial year ended 31 May 2022: Final single tier dividend of RM0.0075 per ordinary share on 388,430,000 ordinary shares, declared on 22 September 2022 and paid on 30 November 2022	2,913,225
In respect of financial year ended 31 May 2023: Interim single tier dividend of RM0.0075 per ordinary share on 388,430,000 ordinary shares, declared on 16 January 2023 and paid on 7 March 2023	2,913,225
	5,826,450

On 21 July 2023, the Directors proposed a final single tier dividend of RM0.0075 per ordinary share amounting to RM2,913,225 for the financial year ended 31 May 2023, 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 2024.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

EMPLOYEE SHARE OPTIONS SCHEME ("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.

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;

(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; and

(e) The vesting conditions are determined by the Group's ESOS committee.

On 18 November 2021, the Company granted 38,415,800 share options under the ESOS plan and subject to the terms and conditions of the By-Laws.

The options offered for the subscription of unissued ordinary shares, the exercise price and the number of share options exercisable as at end of the reporting period are as follows:

Granted date	Expiry date	Exercise price RM	As at 1 June 2022 Unit	Granted Unit	Forfeited Unit	As at 31 May 2023 Unit	Exercisable as at 31 May 2023 Unit
18.11.2021	2.11.2026	0.468	36,993,800	-	(1,001,600)	35,992,200	7,198,440

DIRECTORS

The Directors who have held office during the financial year and up to the date of this report are as follows:

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

Subsidiaries of the Company
Kok Hon Seng
Lau Tee Tee @ Lau Kim Wah
Ng Soh Hoon
Chong Fea Chin
Lim Soon Guan
Teng Tian Hee

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial year ended 31 May 2023 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	-------------- Number of ordinary shares --------------			
	Balance as at 1.6.2022	Bought	Sold	Balance as at 31.5.2023
Ordinary shares in the Company				
Direct interests:				
Kok Hon Seng	23,091,528	450,000	-	23,541,528
Lau Tee Tee @ Lau Kim Wah	7,688,268	100,000	-	7,788,268
Ng Soh Hoon	13,904,665	100,000	-	14,004,665
Philip Goh Teck Siang	200,000	-	-	200,000
Lee Chong Leng	400,000	-	-	400,000
Indirect interests:				
Kok Hon Seng(1)	214,800,295	100,000	-	214,900,295
Lau Tee Tee @ Lau Kim Wah(2)	207,847,837	-	-	207,847,837
Ng Soh Hoon(3)	223,987,158	450,000	-	224,437,158

(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 Berhad 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 Berhad 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 Berhad pursuant to Section 8 of the Act.*

DIRECTORS' INTERESTS (continued)

	Number of ESOS			
	Balance as at 1.6.2022	Granted	Exercised	Balance as at 31.5.2023
ESOS in the Company				
Kok Hon Seng	1,442,600	-	-	1,442,600
Lau Tee Tee @ Lau Kim Wah	1,442,000	-	-	1,442,000
Ng Soh Hoon	1,442,000	-	-	1,442,000
Philip Goh Teck Siang	300,000	-	-	300,000
Choo Chee Beng	300,000	-	-	300,000
Lee Chong Leng	300,000	-	-	300,000

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) 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 transactions entered into the ordinary course of business as disclosed in Note 24 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling any Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate except for the share options granted pursuant to the ESOS.

DIRECTORS' REMUNERATION

Directors' remuneration of the Group and of the Company for the financial year ended 31 May 2023 were as follows:

	Group RM	Company RM
Directors of the Company:		
Fees	540,000	420,000
Salaries, allowance and bonus	687,933	9,600
Contributions to defined contribution plan	128,883	-
Social security contributions	705	-
ESOS expenses	505,648	368,666
	1,863,169	798,266
Directors of the subsidiaries:		
Fees	60,000	-
	1,923,169	798,266

INDEMNITY AND INSURANCE FOR OFFICERS, DIRECTORS AND AUDITORS

The Group and the Company effected Directors' and officers' liability insurance during the financial year to protect the Directors and officers of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors and officers. The amount of insurance premium bore by the Company for the financial year ended 31 May 2023 was RM22,000.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the financial statements of the Group and of the Company were prepared, 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 had satisfied themselves that there are no known bad debts to be written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

(b) In the opinion of the Directors, 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.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

(c) 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 in the financial statements of the Group inadequate to any material extent;

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

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

(d) In the opinion of the Directors:

(i) there has not arisen any item, transaction or event of a material and unusual nature 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; and

(ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group or of the Company to meet its obligations as and when they fall due.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (continued)

(III) AS AT THE DATE OF THIS REPORT

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

(g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 19 December 2022, a subsidiary of the Company, Hayan Print (M) Sdn. Bhd. entered into a Sale and Purchase Agreement with a third party for the acquisition of one (1) unit of double storey office and one (1) unit of single storey warehouse for a total consideration of RM7,700,000.

The transaction has not been completed as at the end of the reporting period.

ULTIMATE HOLDING COMPANY

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

AUDITORS

The auditors, BDO PLT (201906000013 (LLP0018825-LCA) & AF 0206), have expressed their willingness to continue in office.

Auditors' remuneration of the Group and the Company for the financial year ended 31 May 2023 were as follows:

	Group RM	Company RM
Statutory audit	115,000	34,000
Non-statutory audit	5,000	5,000
	120,000	39,000

Signed on behalf of the Board in accordance with a resolution of the Directors.

....
Kok Hon Seng
Director

....
Lau Tee Tee @ Lau Kim Wah
Director

Kuala Lumpur
5 September 2023

HPP HOLDINGS BERHAD (201801043588 (1305620-D))

(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 77 to 142 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions 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 2023 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

....
Kok Hon Seng
Director

....
Lau Tee Tee @ Lau Kim Wah
Director

Kuala Lumpur
5 September 2023

STATUTORY DECLARATION

I, Mah Chen Wah (CA 22710), being the Officer primarily responsible for the financial management of HPP Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 77 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 this)
5 September 2023) **Mah Chen Wah**

Before me:

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
HPP HOLDINGS BERHAD
(Incorporated in Malaysia)

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 2023 of the Group and of the Company, and statements of profit or loss and other 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 77 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 2023 and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") 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 ("ISAs"). 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 the IESBA Code.

Key Audit Matters

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

Key Audit Matters (continued)

Impairment of trade receivables

As at 31 May 2023, trade receivables of the Group were RM22,124,751, which were net of impairment losses of RM430,921 as disclosed in Note 9 to the financial statements.

We determined this to be key audit matter because it requires the management to exercise significant judgement in determining the probability of default by trade receivables, appropriate forward-looking information i.e. gross domestic product ("GDP"), inflation rate, unemployment rate and consumer price index, and significant increase in credit risk.

Audit response

Our audit procedures included the following:

(i) Assessed the appropriateness of the model used and related input in arriving at the expected credit losses as at the end of the reporting period;

(ii) Re-computed the probability of default using historical data and forward-looking information adjustment applied by the Group;

(iii) Re-computed the correlation coefficient between the macroeconomic indicators set by the Group and historical losses to determine the appropriateness of the forward-looking information used by the Group;

(iv) Inquired of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses; and

(v) Assessed actual loss events subsequent to the end of reporting period for its relationship with the indicators of significant increase in credit risk applied by the Group.

We have determined that there are no key audit matters to be communicated in our auditors' report of the audit of the separate financial statements of the Company.

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.

INDEPENDENT AUDITORS’ REPORT TO THE MEMBERS OF HPP HOLDINGS BERHAD (continued)
(Incorporated in Malaysia)

Information Other than the Financial Statements and Auditors' Report Thereon (continued)

Our opinion on the financial statements of the Group and of the Company does not cover the other information 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 other information and, in doing so, consider whether the other information 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 other information, 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 financial statements of the Group and of the Company that give a true and fair view in accordance with MFRSs, IFRSs 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 ability of the Group and of the Company 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 ISAs 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.

INDEPENDENT AUDITORS’ REPORT TO THE MEMBERS OF HPP HOLDINGS BERHAD (continued)
(Incorporated in Malaysia)

Auditors’ Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement 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 internal control of the Group and of the Company.

(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 ability of the Group and of the Company 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HPP HOLDINGS BERHAD (continued)
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

The financial statements of the Group and of the Company for the financial year ended 31 May 2022 were audited by another firm of chartered accountants whose report dated 30 August 2022 expressed an unmodified opinion on those statements.

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.

BDO PLT
201906000013 (LLP0018825-LCA) & AF 0206
Chartered Accountants

Ho Kok Khiaw
03412/02/2025 J
Chartered Accountant

Kuala Lumpur
5 September 2023

HPP HOLDINGS BERHAD

(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MAY 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
ASSETS					
Non-current assets					
Property, plant and equipment	6	60,782,730	60,086,167	-	-
Investments in subsidiaries	7	-	-	64,927,247	62,772,478
		60,782,730	60,086,167	64,927,247	62,772,478
Current assets					
Inventories	8	14,218,558	15,903,709	-	-
Trade and other receivables	9	24,503,929	25,920,142	21,354,870	21,354,753
Current tax assets		3,294,629	3,478,732	-	1,827
Cash and bank balances	10	45,362,170	41,818,147	10,278,219	9,590,174
		87,379,286	87,120,730	31,633,089	30,946,754
TOTAL ASSETS		148,162,016	147,206,897	96,560,336	93,719,232
EQUITY AND LIABILITIES					
Equity attributable to the owners of the Company					
Share capital	11	90,208,055	90,208,055	90,208,055	90,208,055
Reserves	12	(48,804,413)	(51,263,254)	5,647,587	3,188,746
Retained earnings		80,086,624	76,542,373	626,245	205,962
		121,490,266	115,487,174	96,481,887	93,602,763
Non-controlling interests		1,795,431	1,820,042	-	-
TOTAL EQUITY		123,285,697	117,307,216	96,481,887	93,602,763

HPP HOLDINGS BERHAD

(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MAY 2023 (continued)

		Group		Company	
		2023	2022	2023	2022
	Note	RM	RM	RM	RM
LIABILITIES					
Non-current liabilities					
Lease liabilities	13	289,317	214,079	-	-
Borrowings	14	702,711	-	-	-
Deferred tax liabilities	15	7,788,660	8,040,698	-	-
		8,780,688	8,254,777	-	-
Current liabilities					
Trade and other payables	16	8,398,217	10,742,300	76,700	116,469
Current tax liabilities		22,573	69,193	1,749	-
Lease liabilities	13	315,306	282,884	-	-
Borrowings	14	7,359,535	10,550,527	-	-
		16,095,631	21,644,904	78,449	116,469
TOTAL LIABILITIES		24,876,319	29,899,681	78,449	116,469
TOTAL EQUITY AND LIABILITIES		148,162,016	147,206,897	96,560,336	93,719,232

The accompanying notes form an integral part of the financial statements.

HPP HOLDINGS BERHAD

(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MAY 2023

		Group		Company	
		2023	2022	2023	2022
	Note	RM	RM	RM	RM
Revenue	17	80,803,519	85,762,631	7,200,000	7,890,000
Cost of sales		(60,133,666)	(65,741,932)	-	-
Gross profit		20,669,853	20,020,699	7,200,000	7,890,000
Other income		2,009,979	2,233,894	288,491	483,412
Selling and marketing expenses		(919,738)	(1,996,679)	-	-
Administrative expenses		(8,011,612)	(8,272,929)	(1,300,952)	(1,621,642)
Net (loss)/gain on impairment of financial assets	19	(418,437)	83,558	-	-
Profit from operations		13,330,045	12,068,543	6,187,539	6,751,770
Finance costs	18	(480,037)	(555,058)	-	-
Profit before tax	19	12,850,008	11,513,485	6,187,539	6,751,770
Taxation	21	(3,568,512)	(3,005,576)	(5,400)	1,355
Profit for the financial year, representing total comprehensive income for the financial year		9,281,496	8,507,909	6,182,139	6,753,125
Profit for the financial year/ Total comprehensive income attributable to:					
Owners of the Company		9,306,107	8,421,808	6,182,139	6,753,125
Non-controlling interests		(24,611)	86,101	-	-
		9,281,496	8,507,909	6,182,139	6,753,125
Basic earnings per share attributable to owners of the Company (sen)	22	2.40	2.17		

The accompanying notes form an integral part of the financial statements.

HPP HOLDINGS BERHAD

(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MAY 2023

Group	Note	Share capital RM	Reserves RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
		--------Non-distributable------		*Distributable*			
Balance as at 1 June 2022		90,208,055	(51,263,254)	76,542,373	115,487,174	1,820,042	117,307,216
Profit for the financial year, representing total comprehensive income for the financial year		-	-	9,306,107	9,306,107	(24,611)	9,281,496
Transactions with owners of the Company:							
Dividends paid	23	-	-	(5,826,450)	(5,826,450)	-	(5,826,450)
Employee Share Option Scheme ("ESOS") expenses	12(ii)	-	2,523,435	-	2,523,435	-	2,523,435
Forfeiture of ESOS		-	(64,594)	64,594	-	-	-
Total transactions with owners of the Company		-	2,458,841	(5,761,856)	(3,303,015)	-	(3,303,015)
Balance as at 31 May 2023		90,208,055	(48,804,413)	80,086,624	121,490,266	1,795,431	123,285,697

HPP HOLDINGS BERHAD

(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (continued)

Group	Note	Share capital RM	Reserves RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
		--------Non-distributable------		*Distributable*			
Balance as at 1 June 2021		90,208,055	(54,452,000)	74,808,512	110,564,567	2,061,259	112,625,826
Profit for the financial year, 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 paid on ordinary shares	23	-	-	(6,797,525)	(6,797,525)	-	(6,797,525)
Dividends paid to non-controlling interests		-	-	-	-	(327,318)	(327,318)
Employee Share Option Scheme ("ESOS") expenses	12(ii)	-	3,298,324	-	3,298,324	-	3,298,324
Forfeiture of ESOS		-	(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)
Balance as at 31 May 2022		90,208,055	(51,263,254)	76,542,373	115,487,174	1,820,042	117,307,216

The accompanying notes form an integral part of the financial statements.

HPP HOLDINGS BERHAD

(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MAY 2023

	Note	Non-distributable Share capital RM	Non-distributable Reserves RM	Distributable Retained earnings RM	Total equity RM
Company					
Balance as at 1 June 2021		90,208,055	-	140,784	90,348,839
Profit for the financial year, representing total comprehensive income for the financial year		-	-	6,753,125	6,753,125
Transactions with owners of the Company					
Dividends paid	23	-	-	(6,797,525)	(6,797,525)
ESOS expenses	12(ii)	-	3,298,324	-	3,298,324
Forfeiture of ESOS		-	(109,578)	109,578	-
Total of transactions with owners of the Company		-	3,188,746	(6,687,947)	(3,499,201)
Balance as at 31 May 2022/ 1 June 2022		90,208,055	3,188,746	205,962	93,602,763
Profit for the financial year, representing total comprehensive income for the financial year		-	-	6,182,139	6,182,139
Transactions with owners of the Company					
Dividends paid	23	-	-	(5,826,450)	(5,826,450)
ESOS expenses	12(ii)	-	2,523,435	-	2,523,435
Forfeiture of ESOS		-	(64,594)	64,594	-
Total of transactions with owners of the Company		-	2,458,841	(5,761,856)	(3,303,015)
Balance as at 31 May 2023		90,208,055	5,647,587	626,245	96,481,887

The accompanying notes form an integral part of the financial statements.

HPP HOLDINGS BERHAD

(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2023

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		12,850,008	11,513,485	6,187,539	6,751,770
Adjustments for:					
Depreciation of property, plant and equipment	6	4,627,298	4,547,498	-	-
Dividend income	17	-	-	(7,200,000)	(7,890,000)
Gain on disposal of property, plant and equipment		-	(34,999)	-	-
Gain on lease modification		-	(4,943)	-	-
Impairment losses on trade receivables	9	418,437	-	-	-
Interest expense	18	480,037	555,058	-	-
Interest income		(853,044)	(427,783)	(288,491)	(281,285)
Reversal of impairment losses on trade receivables	9	-	(83,558)	-	-
Write back of slow moving inventories	8	-	(80,397)	-	-
ESOS expenses	12(ii)	2,523,435	3,298,324	368,666	477,846
Unrealised gain on foreign exchange		(49,002)	(27,968)	-	-
Operating profit/(loss) before changes in working capital		19,997,169	19,254,717	(932,286)	(941,669)
Changes in working capital:					
Inventories		1,685,151	(2,413,726)	-	-
Trade and other receivables		977,904	3,000,611	(117)	-
Trade and other payables		(2,343,604)	(1,866,073)	(39,769)	37,541
Cash generated from/(used in) operations		20,316,620	17,975,529	(972,172)	(904,128)
Tax paid		(3,850,591)	(1,204,638)	(1,824)	(2,326)
Tax refunded		167,524	94,471	-	2,000
Net cash from/(used in) operating activities		16,633,553	16,865,362	(973,996)	(904,454)

HPP HOLDINGS BERHAD

(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (continued)

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Advances to subsidiaries		-	-	-	(12,401,144)
Dividends received	17	-	-	7,200,000	7,890,000
Decrease/(Increase) in fixed deposits pledged to licensed banks	10	879,460	(114,359)	-	-
Placements of fixed deposits with maturity more than three (3) months	10	(420,914)	(15,000,457)	(2,550,000)	-
Interest received		853,044	427,783	288,491	281,285
Purchase of property, plant and equipment	6(i)	(4,856,554)	(5,758,299)	-	-
Proceeds from disposal of property, plant and equipment		-	35,000	-	-
(Repayments to)/Advances from holding company		(479)	4,879	-	-
Net cash (used in)/from investing activities		(3,545,443)	(20,405,453)	4,938,491	(4,229,859)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid		(5,826,450)	(10,681,825)	(5,826,450)	(10,681,825)
Dividends paid to non-controlling interests in a subsidiary		-	(327,318)	-	-
Interest expenses paid on:					
- borrowings		(439,377)	(536,064)		
- lease liabilities	13	(40,660)	(18,994)		
Payments of lease liabilities	13	(359,647)	(286,482)	-	-
Repayments of borrowings		(2,488,281)	(6,666,121)	-	-
Net cash used in financing activities		(9,154,415)	(18,516,804)	(5,826,450)	(10,681,825)
Net increase/(decrease) in cash and cash equivalents		3,933,695	(22,056,895)	(1,861,955)	(15,816,138)
Effects of exchange rate changes on cash and cash equivalents held		68,874	43,390	-	-
Cash and cash equivalents at beginning of financial year		25,399,895	47,413,400	9,590,174	25,406,312
Cash and cash equivalents at end of financial year	10	29,402,464	25,399,895	7,728,219	9,590,174

HPP HOLDINGS BERHAD

(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (continued)

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

Group	**Note**	**Borrowings (Note 14) RM**	**Lease liabilities (Note 13) RM**
2023			
At beginning of the financial year		10,550,527	496,963
Cash flows:			
- Repayments of principal		(2,488,281)	(359,647)
- Repayments of interest		(439,377)	(40,660)
Non-cash flows:			
- Additions	6(i)	-	467,307
- Interest expense		439,377	40,660
At end of the financial year		8,062,246	604,623
2022			
At beginning of the financial year		16,356,648	540,304
Cash flows			
- Repayments of principal		(6,666,121)	(286,482)
- Repayments of interest		(536,064)	(18,994)
Non-cash flows:			
- Additions	6(i)	860,000	453,606
- Interest expense		536,064	18,994
- Lease modification		-	(210,465)
At end of the financial year		10,550,527	496,963

The accompanying notes form an integral part of the financial statements.

HPP HOLDINGS BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
31 MAY 2023

1. CORPORATE INFORMATION

HPP Holdings Berhad ("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 consolidated financial statements for the financial year ended 31 May 2023 comprise the financial statements of the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 5 September 2023.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. The principal activities of its subsidiaries are mainly printing, production and trading of paper-based packaging, corrugated boxes, non-corrugated boxes and rigid boxes and investment holding in real property. The principal activities and details of the subsidiaries are disclosed in Note 7 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.

3. BASIS OF PREPARATION

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 ("IFRSs") and the provisions of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of the adoption of the new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 31.1 to the financial statements.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of financial statements in conformity with MFRSs and IFRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 5 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of consolidation

The consolidated financial statements of the Group incorporate the financial statements of the Company and all its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

(a) Power over the investee;
(b) Exposure, or rights, to variable returns from its involvement with the investee; and
(c) The ability to use its power over the investee to affect its returns.

If the Group has less than a majority of the voting of similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) The contractual arrangement with the other vote holders of the investee;
(b) Rights arising from other contractual agreements; and
(c) The voting rights of the Group and potential voting rights.

Intragroup balances, transactions, income and expenses are eliminated in the consolidated financial statements.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the Group.

Non-controlling interests, represent equity in subsidiaries that are not attributable, directly or indirectly, to owners of the parent, and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Basis of consolidation (continued)

If the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

(a) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and

(b) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 *Financial Instruments*.

4.2 Business combinations

Business combinations other than those involving entities under common control, are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

(a) deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;

(b) right-of-use assets and lease liabilities for leases are recognised and measured in accordance with MFRS 16 *Leases*;

(c) liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacements by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and

(d) assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Business combinations (continued)

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

(a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.

(b) Other contingent consideration that:

(i) is within the scope of MFRS 9 shall be measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss in accordance with MFRS 9.

(ii) is not within the scope of MFRS 9 shall be measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the previously held equity interest of the Group in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Business combinations involving entities under common control are accounted for by applying the pooling of interest method of accounting. The assets and liabilities of the entities are reflected at their carrying amounts reported in the consolidated financial statements of the Group. Any difference between the consideration paid and the share capital and capital reserves of the "acquired" entity is reflected within equity as restructring reserve. The statements of profit or loss and other comprehensive income reflects the results of the entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities had always been combined since the date the entities had come under common control.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Business combinations (continued)

Entities under common control are entities, which are ultimately controlled by the same parties and that control is not transitory. Control exists when the same parties have, as a result of contractual agreements, ultimate collective power to govern the financial and operating policies of each of the entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The financial statements of commonly controlled entities are included in the consolidated financial statements from the day that control commences until the date that control ceases.

4.3 Property, plant and equipment

Property, plant and equipment excluding right-of-use assets

All items of property, plant and equipment excluding right-of-use assets are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the subsequent costs would flow to the Group and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment excluding right-of-use assets with a cost that is significant in relation to the total cost of the asset and which has a different useful life, is depreciated separately.

After initial recognition, property, plant and equipment excluding right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal annual depreciation rates are as follows:

Buildings	2%
Plant and machinery	10%
Motor vehicles	20%
Office equipment and others*	10% - 20%
Renovation	10%

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

Capital work-in-progress, which mainly comprises building under construction are not depreciated until the assets are ready for their intended use.

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write-down is made if the carrying amount exceeds the recoverable amount (see Note 4.5 to the financial statements on impairment of non-financial assets).

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Property, plant and equipment (continued)

Property, plant and equipment excluding right-of-use assets (continued)

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

Right-of-use assets under property, plant and equipment

The right-of-use asset is initially recorded at cost, which comprises:

(a) the amount of the initial measurement of the lease liability;

(b) any lease payments made at or before the commencement date of the lease, less any lease incentives received;

(c) any initial direct costs incurred by the Group; and

(d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the lessor.

Subsequent to the initial recognition, the right-of-use asset is measured at cost less any accumulated depreciation and accumulated impairment losses and adjusted for any remeasurement of the lease liability.

The right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The principal depreciation periods are as follows:

Leasehold land	Over the remaining period of 74 to 82 years
Buildings	Over the period of 4 years
Motor vehicles	Over the period of 5 years

4.4 Investments in subsidiaries

A subsidiary is an entity in which the Group and the Company are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost less accumulated impairment losses, if any.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Impairment of non-financial assets

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

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ("CGU") to which the asset belongs.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal 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 for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, including the intangible asset, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated to the assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU. The impairment loss is recognised in profit or loss immediately.

An impairment loss for assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' 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. Such reversals are recognised as income immediately in profit or loss.

4.6 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 follows:

- 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Financial instruments

(a) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group become a party to the contractual provisions of the financial instrument.

When financial assets are initially recognised, they are measured at fair value, plus, in the case of financial assets not at Fair Value Through Profit or Loss ("FVTPL"), directly attributable transaction costs.

The Group determines the classification of financial assets upon initial recognition. The measurement for each classification of financial assets are as below:

(i) Financial assets measured at amortised cost

Financial assets that are debt instruments are measured at amortised cost if they are held within a business model whose objective is to collect contractual cash flows and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process. Financial assets are carried net of impairment losses, if any.

(ii) Financial assets measured subsequently at fair value

Financial assets that are debt instruments are measured at Fair Value Through Other Comprehensive Income ("FVTOCI"), if they are held within a business model whose objectives are to collect contractual cash flows and selling the financial assets and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets that are debt instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in other comprehensive income, except for impairment losses, exchange differences and interest income which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Financial assets that are debt instruments which do not satisfy the requirements to be measured at amortised cost or FVTOCI are measured at FVTPL.

The Group does not have any financial assets measured at FVTOCI as at the end of the reporting period.

Equity instruments are classified as financial assets measured at FVTPL if they are held for trading or are designated as such upon initial recognition. Equity instruments are classified as held for trading if they are acquired principally for sale in the near term or are derivatives that do not meet the hedge accounting criteria (including separated embedded derivatives). The Group has an option to elect an irrevocable option to designate its equity instruments at initial recognition as financial assets measured at FVTOCI if the equity instruments are not held for trading.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Financial instruments (continued)

(a) Financial assets (continued)

(ii) Financial assets measured subsequently at fair value (continued)

Subsequent to initial recognition, financial assets that are equity instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in profit or loss. Dividends on equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

The Group does not have any equity instrument measured at FVTPL and FVTOCI at the end of the reporting period.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, 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 directly in other comprehensive income shall be recognised in profit or loss.

Cash and bank balances are measured at amortised cost. Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three (3) months or less and are used by the Group in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts, if any and pledged deposits.

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 marketplace convention.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

(b) Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two (2) categories after initial recognition for the purpose of subsequent measurement:

(i) Financial liabilities measured at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This includes derivatives entered into by the Group that does not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss except for when the Group's own credit risk increases or decreases and which is recognised in other comprehensive income. Net gains or losses on derivatives include exchange differences.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Financial instruments (continued)

(b) Financial liabilities (continued)

(i) Financial liabilities measured at FVTPL (continued)

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the term of a debt instrument.

Financial guarantee contracts are recognised as financial liabilities at the time the guarantees are issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with the expected credit loss model under MFRS 9 and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantee is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

(ii) Financial liabilities measured at amortised cost

Financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a 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.

(c) Equity

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Financial instruments (continued)

(c) Equity (continued)

Ordinary shares are recorded at the proceeds received at issuance and classified as equity. Transaction costs directly related to the issuance of equity instrument are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim and final dividends to shareholders are recognised in equity in the period in which they are authorised for issuance.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Group at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at the end of each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution.

On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

4.8 Impairment of financial assets

The Group recognises an impairment loss allowance for expected credit losses on a financial asset that is measured at amortised cost.

The Group recognises allowance for impairment loss for trade receivables based on the simplified approach in accordance with MFRS 9 *Financial Instruments* and measures the allowance for impairment loss based on a lifetime expected credit loss (“ECL”) from initial recognition.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while twelve-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the twelve (12) months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group are exposed to credit risk.

At the end of each reporting period, the Group assesses whether there has been a significant increase in credit risk for financial assets other than trade receivables by comparing the risk of default occurring over the expected life with the risk of default since initial recognition. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve-month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group considers historical credit loss experience and observable data such as current changes and future forecasts in economic conditions to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Impairment of financial assets (continued)

The carrying amount of the financial asset is reduced through the use of an allowance for impairment loss account and the amount of impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance for impairment loss account.

4.9 Leases

The Group as lessee

The Group recognises a right-of-use asset and a lease liability at the commencement date of the contract for all leases excluding short-term leases or leases for which the underlying asset is of low value, conveying the right to control the use of an identified asset for a period of time.

The Group determines the lease term as the non-cancellable period of a lease, together with both:

(a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and

(b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, the Group considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low-value assets of RM20,000 and below. Short-term leases are leases with a lease term of twelve (12) months or less. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Right-of-use asset

The accounting policy for right-of-use assets is set out in Note 4.3 to the financial statements.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the incremental borrowing rate of the Group after taking into consideration the effect of increasing overnight policy rate (“OPR”). Subsequent to initial recognition, the Group measures the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Leases (continued)

Lease liabilities (continued)

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

4.10 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits would be required to settle the obligation, the provision would be reversed.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

4.11 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise a contingent asset but discloses its existence where the inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Revenue recognition

(a) Sales of goods

The Group recognises revenue from contracts with customers for the sale of goods based on the five-step model as set out below:

(i) Identify contract(s) with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

(ii) Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

(iii) Determine the transaction price. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

(iv) Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

(v) Recognise revenue when the Group satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time if the performance of the Group:

(i) Does not create an asset with an alternative use to the Group and has an enforceable right to payment for performance completed to-date; or

(ii) Creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(iii) Provides benefits that the customer simultaneously receives and consumes as the Group performs.

For performance obligations where any one of the above conditions is not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

(b) Interest income

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

(c) Rental income

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Revenue recognition (continued)

(d) Dividend income

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

4.13 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.14 Employee benefits

(a) Short-term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Group.

Short-term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(b) Defined contribution plan

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund. The contributions are recognised as liabilities after deducting any contributions already paid and as expenses in the period in which the employees render their services.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.14 Employee benefits (continued)

(c) 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.

4.15 Income taxes

Income taxes include all domestic and foreign taxes on taxable profit. Income taxes also include real property gains taxes payable on the disposal of properties.

Taxes in the statements of profit or loss and other comprehensive income comprise current tax and deferred tax.

(a) Current tax

Current tax expenses are determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits and real property gains taxes payable on disposal of properties.

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statements of financial position and its tax base.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.15 Income taxes (continued)

(b) Deferred tax (continued)

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profits would be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profits would be available, such reductions would be reversed to the extent of the taxable profits.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax would be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of each reporting period.

4.16 Earning 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.17 Operating segments

Operating segments are defined as components of the Group that:

(a) engage in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);

(b) whose operating results are regularly reviewed by the chief operating decision maker of the Group, particularly in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

(a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten percent (10%) or more of the combined revenue, internal and external, of all operating segments.

(b) The absolute amount of its reported profit or loss is ten percent (10%) or more of the greater, in absolute amount of:

(i) the combined reported profit of all operating segments that did not report a loss; and

(ii) the combined reported loss of all operating segments that reported a loss.

(c) Its assets are ten percent (10%) or more of the combined assets of all operating segments

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy-five percent (75%) of the revenue of the Group. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

4.18 Foreign currency transactions

(a) Functional and presentation currency

Items included in the financial statements of each of the entities of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia, which is the functional and presentation currency of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.18 Foreign currency transactions (continued)

(b) Foreign currency translations and balances

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of each reporting period are translated into functional currency at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost, are translated using the historical rate as of the date of acquisition, and non-monetary items, which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

4.19 Fair value measurements

The fair value of an asset or a liability, except for 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 fair value 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.

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

(a) The condition and location of the asset; and

(b) Restrictions, if any, on the sale or use of the asset.

The fair value measurement for a non-financial asset takes into account the ability of the market participant 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.

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

(a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and

(b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.19 Fair value measurements (continued)

The financial and non-financial assets and liabilities that are measured subsequent to initial recognition at fair value are grouped into Level 1 to Level 3 based on the degree to which the fair value inputs are observable:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group 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 classification of an item into the above levels is based on the lowest level of the inputs used in the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

5.1 Critical judgements made in applying accounting policies

There are no significant judgements made by the management in the process of applying the accounting policies of the Group that have a significant effect on the amounts recognised in the financial statements.

5.2 Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of each 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:

Impairment of trade receivables

The impairment allowances for trade receivables are based on assumptions about risk of default and expected credit loss rates. The Group adopts judgement in making these assumptions and selecting inputs for computing such impairment losses, broadly based on the available customers' historical data and the existing market conditions, including forward looking estimates as at the end of the reporting period.

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6. PROPERTY, PLANT AND EQUIPMENT

Group 2023	Buildings RM	Plant and machinery RM	Motor vehicles RM	Office equipment and others* RM	Renovation RM	Capital-work-in progress RM	Right-of-use assets: Leasehold land RM	Right-of-use assets: Buildings RM	Right-of-use assets: Motor vehicles RM	Total RM
Cost										
At beginning of the financial year	12,388,050	59,023,373	1,903,049	2,664,993	384,535	-	8,126,765	453,606	590,928	85,535,299
Additions	12,363	982,153	-	355,007	54,710	1,574,177	1,851,684	222,307	271,460	5,323,861
Reclassification	-	-	590,928	-	-	-	-	-	(590,928)	-
At end of the financial year	12,400,413	60,005,526	2,493,977	3,020,000	439,245	1,574,177	9,978,449	675,913	271,460	90,859,160
Accumulated depreciation										
At beginning of the financial year	1,089,924	20,482,060	1,585,666	1,072,672	85,879	-	566,649	18,900	547,382	25,449,132
Charge for the financial year	256,337	3,502,460	92,531	246,755	42,510	-	122,650	284,317	79,738	4,627,298
Reclassification	-	-	590,925	-	-	-	-	-	(590,925)	-
At end of the financial year	1,346,261	23,984,520	2,269,122	1,319,427	128,389	-	689,299	303,217	36,195	30,076,430
Net carrying amount	11,054,152	36,021,006	224,855	1,700,573	310,856	1,574,177	9,289,150	372,696	235,265	60,782,730

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

6. PROPERTY, PLANT AND EQUIPMENT (continued)

Group 2022	Buildings RM	Plant and machinery RM	Motor vehicles RM	Office equipment and others* RM	Renovation RM	Right-of-use assets: Leasehold lands RM	Right-of-use assets: Buildings RM	Right-of-use assets: Motor vehicles RM	Total RM
Cost									
At beginning of the financial year	11,693,183	53,868,147	1,888,269	2,192,311	242,011	8,126,765	411,045	590,928	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	12,388,050	59,023,373	1,903,049	2,664,993	384,535	8,126,765	453,606	590,928	85,535,299
Accumulated depreciation									
At beginning of the financial year	833,934	16,982,781	1,598,282	865,792	53,413	464,851	17,127	429,196	21,245,376
Charge for the financial year	255,990	3,499,279	125,603	206,880	32,466	101,798	207,296	118,186	4,547,498
Disposals	-	-	(138,219)	-	-	-	-	-	(138,219)
Lease modification	-	-	-	-	-	-	(205,523)	-	(205,523)
At end of the financial year	1,089,924	20,482,060	1,585,666	1,072,672	85,879	566,649	18,900	547,382	25,449,132
Net carrying amount	11,298,126	38,541,313	317,383	1,592,321	298,656	7,560,116	434,706	43,546	60,086,167

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

6. PROPERTY, PLANT AND EQUIPMENT (continued)

(i) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	Group 2023 RM	Group 2022 RM
Additions of property, plant and equipment	5,323,861	7,071,905
Financed by term loans (Note 14)	-	(860,000)
Financed by lease liabilities (Note 13)	(467,307)	(453,606)
Cash payments on purchases of property, plant and equipment	4,856,554	5,758,299

(ii) Certain property, plant and equipment of the Group have been pledged as securities for borrowings granted to the Group as disclosed in Note 14 to the financial statements with carrying amounts as follows:

	Group 2023 RM	Group 2022 RM
Leasehold land	2,800,298	2,838,400
Buildings	6,091,030	6,212,218
Plant and machinery	13,100,688	14,376,746
	21,992,016	23,427,364

(iii) The leasehold land of the Group has an unexpired lease period of 73 years (2022: 74 years).

7. INVESTMENTS IN SUBSIDIARIES

	Company 2023 RM	Company 2022 RM
Unquoted shares, at cost		
As at beginning of financial year/As at end of financial year	59,952,000	59,952,000
Capital contribution to subsidiaries		
As at beginning of financial year	2,820,478	-
ESOS expenses (Note 12(ii)(c))	2,154,769	2,820,478
As at end of financial year	4,975,247	2,820,478
Net carrying amount	64,927,247	62,772,478

7. INVESTMENTS IN SUBSIDIARIES (continued)

(a) Capital contribution to subsidiaries

The capital contribution amounting to RM2,154,769 (2022: 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 company	Country of incorporation	Effective equity interest 2023 %	Effective equity interest 2022 %	Principal activities
Hayan Prints (M) Sdn. Bhd.	Malaysia	100	100	Printing and production of paper-based packaging, both corrugated and non-corrugated and trading of rigid boxes
Hayan Packaging Sdn. Bhd.	Malaysia	100	100	Investment holding in real property
Held through Hayan Prints (M) Sdn. Bhd.				
Envy Premium Box Supplies Sdn. Bhd.	Malaysia	51	51	Production and trading of rigid boxes
Held through Hayan Packaging Sdn. Bhd.				
Big Tree Realty Sdn. Bhd.	Malaysia	100	100	Investment holding in real property

<u>The subsidiary of the Group that has non-controlling interests ("NCI")</u>

	2023	2022
Envy Premium Box Supplies Sdn. Bhd. ("Envy")		
NCI percentage of ownership and voting interest (%)	49%	49%
Carrying amount of NCI (RM)	1,795,431	1,820,042
Dividend (RM)	-	(327,318)
(Loss)/Profit for the financial year allocated to NCI, representing total comprehensive (loss)/ income for the financial year allocated to NCI (RM)	(24,611)	86,101

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7. INVESTMENTS IN SUBSIDIARIES (continued)

(b) (continued):

The summarised financial information (before intra-group elimination) of the Group's subsidiary that has NCIs

	2023 RM	2022 RM
Envy Premium Box Supplies Sdn. Bhd.		
Assets and liabilities		
Non-current assets	1,076,970	1,446,077
Current assets	4,747,364	6,314,265
Non-current liabilities	(456,194)	(358,008)
Current liabilities	(1,623,014)	(3,642,249)
Net assets	3,745,126	3,760,085
Less: Contribution from immediate holding company	(80,981)	(45,713)
Adjusted net assets	3,664,145	3,714,372
Results		
Revenue	7,322,746	9,465,917
(Loss)/Profit for the financial year, representing total comprehensive (loss)/income for the financial year	(50,227)	175,716
Dividends paid	-	(667,996)
Cash flows (used in)/from operating activities	(760,742)	1,432,274
Cash flows (used in)/from investing activities	(20,201)	19,311
Cash flows used in financing activities	(612,230)	(1,199,903)
Net (decrease)/increase in cash and cash equivalents	(1,393,173)	251,682

8. INVENTORIES

	Group 2023 RM	Group 2022 RM
At cost		
Raw materials	11,930,450	11,837,293
Work-in-progress	300,608	676,365
Finished goods	1,987,500	3,390,051
	14,218,558	15,903,709
Recognised in profit or loss:		
Inventories recognised as cost of sales	59,534,168	65,047,164
Write back of slow moving inventories	-	(80,397)

(a) During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM59,534,168 (2022: RM65,047,164).

(b) In the previous financial year, the Group recognised a reversal of write down previously made for slow moving inventories amounted to RM80,397 as the Group utilised the relevant goods for production, which was included in other income in the profit or loss.

9. TRADE AND OTHER RECEIVABLES

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Trade receivables				
Third parties	22,555,672	25,015,838	-	-
Less: Impairment losses	(430,921)	(12,484)	-	-
	22,124,751	25,003,354	-	-
Other receivables				
Third parties	92,219	30,905	117	-
Amounts due from subsidiaries	-	-	21,341,144	21,341,144
Deposits	2,022,502	355,668	-	-
	2,114,721	386,573	21,341,261	21,341,144
Total current receivables, net of prepayments	24,239,472	25,389,927	21,341,261	21,341,144
Prepayments	264,457	530,215	13,609	13,609
Total trade and other receivables	24,503,929	25,920,142	21,354,870	21,354,753

(a) Trade and other receivables excluding prepayments are classified as financial assets measured at amortised cost.

(b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group ranges from 30 to 90 days (2022: 30 to 90 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(c) The reconciliation of movements in the impairment losses on trade receivables is as follows:

Group	Lifetime ECL allowance RM	Credit impaired RM	Total allowance RM
At 1 June 2022	-	12,484	12,484
Charge for the year	418,437	-	418,437
At 31 May 2023	418,437	12,484	430,921
At 1 June 2021	83,558	12,484	96,042
Reversal of impairment losses	(83,558)	-	(83,558)
At 31 May 2022	-	12,484	12,484

Credit impaired refers to individually determined debtors who are in significant financial difficulties as at the end of the reporting period.

9. TRADE AND OTHER RECEIVABLES (continued)

(c) (continued)

Impairment for trade receivables is recognised based on the simplified approach using the lifetime expected credit losses ("ECL").

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

The Group considers historical credit loss experience and observable data such as current changes and future forecasts in economic conditions to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information (i.e. gross domestic product ("GDP"), inflation rate, unemployment rate and consumer price index) and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within administrative expenses in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

Individual assessment of impairment of trade receivables are separately assessed when it is probable that cash due will not be received in full.

Significant judgement is required in determining the probability of default by trade receivables and appropriate forward looking information.

(d) The following tables provide information about expected credit losses for trade receivables as at the end of the reporting period:

Group	Gross RM	Impairment losses RM	Net RM
2023			
Current	17,315,294	(5,254)	17,310,040
Past due:			
1 to 30 days	2,422,755	(20,888)	2,401,867
31 to 60 days	1,098,936	(45,036)	1,053,900
61 to 90 days	1,587,984	(231,711)	1,356,273
More than 90 days	118,219	(115,548)	2,671
	5,227,894	(413,183)	4,814,711
Credit impaired			
Individually impaired	12,484	(12,484)	-
	22,555,672	(430,921)	22,124,751

9. TRADE AND OTHER RECEIVABLES (continued)

(d) The following tables provide information about expected credit losses for trade receivables as at the end of the reporting period (continued):

Group	Gross RM	Impairment losses RM	Net RM
2022			
Current	13,095,308	-	13,095,308
Past due:			
1 to 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

(e) The amounts due from subsidiaries are non-trade in nature, unsecured, interest free and are collectible on demand.

(f) Impairment for other receivables and amounts due from subsidiaries as well as deposits are recognised based on the three-stage general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve-month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. As at the end of each reporting period, the Group and the Company assess whether there has been a significant increase in credit risk for financial assets by comparing the risk for default occurring over the expected life with the risk of default since initial recognition. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while twelve-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the twelve months after the end of the reporting period. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group defined significant increase in credit risk based on operating performance of the receivables, changes to contractual terms, payment delays more than 30 days past due in making contractual payments and past due information.

The Group considers a receivable as credit impaired when one or more events that have a detrimental impact on the estimated cash flow have occurred, which includes debtors who are in significant financial difficulties or have defaulted on payments.

9. TRADE AND OTHER RECEIVABLES (continued)

(f) (continued)

The probabilities of non-payment by other receivables and amounts due from subsidiaries as well as deposits are adjusted by forward looking information (i.e. gross domestic product ("GDP"), inflation rate, unemployment rate and consumer price index) and multiplied by the amount of the expected loss arising from default to determine the twelve-month or lifetime expected credit loss.

Significant judgement is required in determining the probabilities of default by other receivables and amounts owing by subsidiaries, appropriate forward looking information and significant increase in credit risk.

(g) No expected credit loss is recognised arising from the other receivables and amounts due from subsidiaries as well as deposits of the Group and Company as the amount is negligible.

(h) Included in deposits is an amount of RM1,155,000 (2022: RM179,994) representing deposit paid in relation to the purchase of one (1) unit of double storey office and one (1) unit of single storey warehouse (2022: two (2) pieces of land).

(i) The currency exposure profiles of trade and other receivables, excluding prepayments are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia ("RM")	21,012,784	22,700,237	21,341,261	21,341,144
United States Dollar ("USD")	2,590,627	2,663,815	-	-
Chinese Renminbi ("RMB")	618,804	-	-	-
Singapore Dollar ("SGD")	17,257	25,875	-	-
	24,239,472	25,389,927	21,341,261	21,341,144

(j) The following table demonstrates the sensitivity of the profit after tax of the Group to a reasonably possible change in the USD, RMB and SGD exchange rates against the functional currency of the Group, with all other variables held constant:

	Profit after tax	
Group	**2023 RM**	**2022 RM**
USD/RM		
- strengthened 10% (2022 :10%)	196,888	202,450
- weakened 10% (2022 :10%)	(196,888)	(202,450)
RMB/RM		
- strengthened 10% (2022 :10%)	47,029	-
- weakened 10% (2022 :10%)	(47,029)	-
SGD/RM		
- strengthened 10% (2022 :10%)	1,312	1,967
- weakened 10% (2022 :10%)	(1,312)	(1,967)

(k) The Group determines concentration of credit risk by monitoring the profiles of its receivables on an ongoing basis.

As at end of the reporting period, the Group's major concentration of credit risk relates to the amounts owing by five (5) (2022: six (6)) customers which constituted approximately 59% (2022: 63%) of gross trade receivables of the Group.

9. TRADE AND OTHER RECEIVABLES (continued)

(l) As the Group does not hold any collateral, the maximum exposure to credit risk from receivables represented by the carrying amounts in the statements of financial position as at end of the reporting period.

10. CASH AND BANK BALANCES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Fixed deposits with licensed banks	22,321,371	15,000,457	2,550,000	-
Short-term funds	9,213,153	13,529,494	7,001,384	9,235,279
Cash and bank balances	13,827,646	13,288,196	726,835	354,895
As disclosed in statements of financial positions	45,362,170	41,818,147	10,278,219	9,590,174
Less:				
Fixed deposits with maturity period more than three (3) months	(15,421,371)	(15,000,457)	(2,550,000)	-
Fixed deposits pledged as security	(538,335)	(1,417,795)	-	-
Cash and cash equivalents included in the statements of cash flows	29,402,464	25,399,895	7,728,219	9,590,174

(a) Cash and bank balances (excluding short-term funds) are classified as financial assets and measured at amortised cost.

(b) Deposits are made for varying periods of between one (1) day and one (1) year depending on the immediate cash requirements of the Group and the Company and earn interests as at respective short-term deposit rates.

(c) Included in fixed deposits of the Group is an amount of RM538,335 (2022: RM1,417,795) which is pledged to licensed banks for borrowings as disclosed in Note 14 to the financial statements.

(d) Short-term funds represent investment in highly liquid money market instrument and deposits with financial institutions in Malaysia. The short-term funds are subject to an insignificant risk of change in value. The distribution income from these funds is tax exempted and are being treated as interest income by the Group and the Company.

Short-term funds of the Group and the Company are classified as financial assets at fair value through profit or loss and are categorised as Level 1 in the fair value hierarchy. Fair value of short-term funds are determined by reference to the quoted prices at the close of business at the end of each reporting period.

There is no transfer between levels in the fair value hierarchy during the financial year.

10. CASH AND BANK BALANCES (continued)

(e) The currency exposure profile of the cash and bank balances is as follow:

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Ringgit Malaysia ("RM")	43,709,013	37,997,008	10,278,219	9,590,174
United States Dollar ("USD")	1,596,451	3,802,524	-	-
Singapore Dollar ("SGD")	56,706	18,615	-	-
	45,362,170	41,818,147	10,278,219	9,590,174

(f) The following table demonstrates the sensitivity of the profit after tax of the Group to a reasonably possible change in the USD and SGD exchange rates against the functional currency of the Group, with all other variables held constant:

Group	Profit after tax 2023 RM	Profit after tax 2022 RM
USD/RM		
- strengthened 10% (2022 :10%)	121,330	288,992
- weakened 10% (2022 :10%)	(121,330)	(288,992)
SGD/RM		
- strengthened 10% (2022 :10%)	4,310	1,415
- weakened 10% (2022 :10%)	(4,310)	(1,415)

(g) Weighted average effective interest rate of deposits with licensed banks of the Group and of the Company as at the end of each reporting period is as follows:

	Group 2023 %	Group 2022 %	Company 2023 %	Company 2022 %
Fixed rate	3.60	2.21	3.98	-

(h) No expected credit loss is recognised arising from the cash and bank balances, deposits with licensed banks and short-term funds as the probability of default by these financial institutions is negligible.

11. SHARE CAPITAL

	Group and Company Number of shares 2023	Number of shares 2022	Amount 2023 RM	Amount 2022 RM
Issued and fully paid:				
Ordinary shares with no par value				
At beginning/at end of the financial year	388,430,000	388,430,000	90,208,055	90,208,055

The owners of the Company are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

12. RESERVES

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Restructuring reserve	(i)	(54,452,000)	(54,452,000)	-	-
Share options reserves ("ESOS")	(ii)	5,647,587	3,188,746	5,647,587	3,188,746
		(48,804,413)	(51,263,254)	5,647,587	3,188,746

(i) Restructuring reserve

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. arose from the restructuring exercise, which was completed in financial year ended 31 May 2021, whereby the Group has applied the pooling of interest method of accounting as follows:

	RM
New shares issued by the Company as consideration for the acquisition of subsidiaries:	
- Hayan Prints (M) Sdn. Bhd. and it 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 it subsidiary	(3,000,000)
- Hayan Packaging Sdn. Bhd. and its subsidiary	(2,500,000)
	(5,500,000)
Restructuring reserve	54,452,000

(ii) ESOS

The option prices and the details in the movement of the options granted are as follows:

Granted date	Expiry date	Exercise price RM	As at 1 June 2022 Unit	Granted Unit	Forfeited Unit	As at 31 May 2023 Unit
18.11.2021	2.11.2026	0.468	36,993,800	-	(1,001,600)	35,992,200

Granted date	Expiry date	Exercise price RM	As at 1 June 2021 Unit	Granted Unit	Forfeited Unit	As at 31 May 2022 Unit
18.11.2021	2.11.2026	0.468	-	38,415,800	(1,422,000)	36,993,800

12. RESERVES (continued)

(ii) ESOS (continued)

The number of share options exercisable as at the end of the reporting period are as follows:

	2023 Unit	2022 Unit
Exercisable as at 31 May	7,198,440	7,638,760

(a) 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 five (5) years.

(b) 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. The ESOS was implemented on 2 November 2021.

The salient features of the ESOS are as follows:

(i) 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;

(ii) 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;

(iii) 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;

(iv) 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; and

(v) The vesting conditions are determined by the Group's ESOS committee.

(c) Expenses arising from the share options granted are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Recognition of share option expenses	2,523,435	3,298,324	2,523,435	3,298,324
Less: Capitalised as investments in subsidiaries (Note 7)	-	-	(2,154,769)	(2,820,478)
	2,523,435	3,298,324	368,666	477,846

12. RESERVES (continued)

(ii) ESOS (continued)

(d) The fair value of ESOS granted during the previous 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 were as follows:

	Granted on 18 November 2021
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 reflected the assumption that the historical volatility was indicative of future trends, which might not necessarily be the actual outcome. No other feature of the option was incorporated into the measurement of fair value.

13. LEASE LIABILITIES

Group	As at 1 June 2022 RM	Additions RM	Lease payments* RM	Interest expense RM	As at 31 May 2023 RM
Buildings	435,682	222,307	(305,400)	31,610	384,199
Motor vehicles	61,281	245,000	(94,907)	9,050	220,424
	496,963	467,307	(400,307)	40,660	604,623

	As at 1 June 2021 RM	Lease modification RM	Additions RM	Lease payments* RM	Interest expense RM	As at 31 May 2022 RM
Buildings	394,696	(210,465)	453,606	(217,999)	15,844	435,682
Motor vehicles	145,608	-	-	(87,477)	3,150	61,281
	540,304	(210,465)	453,606	(305,476)	18,994	496,963

* *Lease payments comprise payments for principal and interests*

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13. LEASE LIABILITIES (continued)

	Group 2023 RM	Group 2022 RM
Represented by:		
Current liabilities	315,306	282,884
Non-current liabilities	289,317	214,079
	604,623	496,963
Lease liabilities owing to non-financial institutions	384,199	435,682
Lease liabilities owing to financial institutions	220,424	61,281
	604,623	496,963

(a) The following are the amounts recognised in profit or loss:

	Group 2023 RM	Group 2022 RM
Depreciation charge of right-of-use assets (included in cost of sales)	359,403	309,094
Depreciation charge of right-of-use assets (included in administrative expenses)	127,302	118,186
Interest expense on lease liabilities (included in finance costs)	40,660	18,994
Expense relating to short-term leases (included in cost of sales)	4,662	18,036
Expense relating to short-term leases (included in administrative expenses)	14,050	86,444
Expense relating to leases of low-value assets value assets (included in cost of sales)	8,393	6,000

(b) Total cash outflow for leases of the Group are as follows:

	Group 2023 RM	Group 2022 RM
Included in net cash used in operating activities:		
Rental of low-value assets	8,393	6,000
Short-term leases payments	18,712	104,800
Included in net cash used in financing activities:		
Payments of lease liabilities	359,647	286,482
Payments of lease interests	40,660	18,994
Total cash outflow for leases	427,412	416,276

13. LEASE LIABILITIES (continued)

(c) The following tables set out the carrying amounts, the weighted average effective interest rate as at the end of each reporting period and the remaining maturities of the lease liabilities of the Group that are exposed to interest rate risk:

Group	Weighted average effective interest rate per annum %	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	Total RM
2023					
Fixed rate					
Lease liabilities	6.14	315,306	101,586	187,731	604,623
2022					
Fixed rate					
Lease liabilities	4.83	282,884	214,079	-	496,963

(d) The table below summarises the maturity profile of the lease liabilities of the Group at the end of the reporting period based on contractual undiscounted repayment obligations as follows:

Group	On demand or within one year RM	One to five years RM	Total RM
2023			
Lease liabilities	343,696	316,823	660,519
2022			
Lease liabilities	301,517	220,000	521,517

(e) Sensitivity analysis of the effect of the changes in interest rate is not presented as fixed rate instruments are not affected by change in interest rates.

(f) Lease liabilities of the Group are denominated in Ringgit Malaysia ("RM").

14. BORROWINGS

	Group 2023 RM	Group 2022 RM
Current liabilities		
Term loans	7,359,535	10,550,527
Non-current liabilities		
Term loans	702,711	-
Total borrowings	8,062,246	10,550,527

14. BORROWINGS (continued)

(a) Borrowings are classified as financial liabilities and measured at amortised cost.

(b) Borrowings of the Group are secured as follows:

(i) Legal charges over certain property, plant and equipment as disclosed in Note 6 to the financial statements;
(ii) Pledge of fixed deposits with licensed banks as disclosed in Note 10 to the financial statements;
(iii) Corporate guarantee in favour of the bank by the Company; and
(iv) 80% guarantee by the Malaysian Government under Special Relief Facility Scheme.

In the previous financial year, certain borrowings were also secured by joint and several guarantee in favour of the bank by the Directors of the Company and negative pledge over the certain assets of the Group.

(c) The Group's borrowings are subject to certain loans covenants to be complied, which among others, includes the requirement for certain subsidiaries of the Group to seek the respective financial institutions' approval for declaration of dividend above certain threshold of profit after tax of the certain subsidiaries. Certain subsidiaries of the Group did not comply with the abovementioned covenants as at the end of the current and previous financial years. Due to the non-compliance of the said covenant clauses, the financial institutions are contractually entitled to request for immediate repayment of the outstanding borrowings. In view of the foregoing, the non-current portion of the borrowings of certain financial institutions amounted to RM5,075,548 (2022: RM7,872,954) have been reclassified to current liabilities.

The Group has obtained written consents of approval from the respective financial institutions subsequent to the financial year ended 31 May 2023.

(d) Sensitivity analysis of interest rate for the floating rate instruments at the end of each reporting period, assuming all other variables remain constant, is as follows:

	2023 RM	2022 RM
Effect of 100 basis point changes to profit after tax		
Floating rate instrument	61,273	80,184

(e) The following tables set out the carrying amounts, the weighted average effective interest rate as at the end of each reporting period and the remaining maturities of the borrowings of the Group that are exposed to interest rate risk:

Group	Weighted average effective interest rate per annum %	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	Total RM
2023					
Floating rate					
Term loans	4.93	7,359,535	417,500	285,211	8,062,246
2022					
Floating rate					
Term loans	4.79	10,550,527	-	-	10,550,527

14. BORROWINGS (continued)

(f) The table below summarises the maturity profile of the borrowings of the Group at the end of the reporting period based on contractual undiscounted repayment obligations as follows:

Group	On demand or within one year RM	One to five years RM	Total RM
2023			
Term loans	8,712,140	727,221	9,349,361
2022			
Term loans	11,969,526	-	11,969,526

(g) Borrowings of the Group are denominated in Ringgit Malaysia ("RM").

15. DEFERRED TAX LIABILITIES

	Group 2023 RM	Group 2022 RM
At beginning of the financial year	8,040,698	6,772,620
Recognised in profit or loss (Note 21)	(252,038)	1,268,078
At end of the financial year	7,788,660	8,040,698
Presented after appropriate offsetting:		
Deferred tax assets	(179,525)	(33,543)
Deferred tax liabilities	7,968,185	8,074,241
	7,788,660	8,040,698

(a) The components of deferred tax assets and deferred tax liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group	Unabsorbed capital allowances RM	Unused tax losses RM	Others RM	Total RM
As at 1 June 2022	(16,196)	-	(17,347)	(33,543)
Recognised in profit or loss	(61,857)	(33,738)	(50,387)	(145,982)
As at 31 May 2023 prior to offsetting	(78,053)	(33,738)	(67,734)	(179,525)
Offsetting				179,525
As at 31 May 2023				-

15. DEFERRED TAX LIABILITIES (continued)

(a) The components of deferred tax assets and deferred tax liabilities during the financial year prior to offsetting are as follows (continued):

	Unabsorbed capital allowances RM	Unused tax losses RM	Others RM	Total RM
As at 1 June 2021	(36,117)	-	(23,216)	(59,333)
Recognised in profit or loss	19,921	-	5,869	25,790
As at 31 May 2022 prior to offsetting	(16,196)	-	(17,347)	(33,543)
Offsetting				33,543
As at 31 May 2022				-

Deferred tax liabilities of the Group

	Property, plant and equipment RM	Total RM
As at 1 June 2022	8,074,241	8,074,241
Recognised in profit or loss	(106,056)	(106,056)
As at 31 May 2023 prior to offsetting	7,968,185	7,968,185
Offsetting		(179,525)
As at 31 May 2023		7,788,660
As at 1 June 2021	6,831,953	6,831,953
Recognised in profit or loss	1,242,288	1,242,288
As at 31 May 2022 prior to offsetting	8,074,241	8,074,241
Offsetting		(33,543)
As at 31 May 2022		8,040,698

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16. TRADE AND OTHER PAYABLES

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Trade payables				
Third parties	5,032,683	8,426,412	-	-
Other payables				
Third parties	1,385,968	488,600	-	45,469
Amount due to ultimate holding company	17,600	18,079	-	-
Accruals	1,961,966	1,809,209	76,700	71,000
	8,398,217	10,742,300	76,700	116,469

(a) Trade and other payables are classified as financial liabilities and measured at amortised cost.

(b) The normal trade credit terms granted by the trade payables to the Group range from 30 to 90 days (2022: 30 to 90 days) from the date of invoice.

(c) Amount due to ultimate holding company is non-trade in nature, unsecured, interest free and repayable within the next twelve (12) months.

(d) The currency exposure profiles of trade and other payables were as follows:

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Ringgit Malaysia (“RM”)	8,398,217	10,741,861	76,700	116,469
United States Dollar (“USD”)	-	439	-	-
	8,398,217	10,742,300	76,700	116,469

In the previous financial year, sensitivity analysis for foreign currency risk at the end of each reporting period was not presented as changes in exchange rates would not materially affect the profit or loss of the Group.

(e) Maturity profile of trade and other payables of the Group and of the Company at the end of each reporting period based on contractual undiscounted repayment obligations is repayable within one (1) year.

17. REVENUE

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Revenue from contract with customers:				
Sales of paper-based packaging products	80,803,519	85,762,631	-	-
Revenue from other source:				
Dividend income	-	-	7,200,000	7,890,000
	80,803,519	85,762,631	7,200,000	7,890,000
Timing of revenue recognition				
Transferred at a point in time	80,803,519	85,762,631	7,200,000	7,890,000

(a) Sales of paper-based packaging products

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.

(b) Performance obligation ("PO")

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.

(c) Timing of recognition

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

(d) Disaggregation of revenue from contracts with customers based on geographical location of customers are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Malaysia	66,687,480	73,821,110	7,200,000	7,890,000
North America	6,450,669	3,561,008	-	-
Southeast Asia	7,654,848	8,258,620	-	-
East Asia	10,522	121,893	-	-
	80,803,519	85,762,631	7,200,000	7,890,000

18. FINANCE COSTS

	Group	
	2023	2022
	RM	RM
Interest expense on:		
- borrowings	439,377	536,064
- lease liabilities	40,660	18,994
	480,037	555,058

19. PROFIT BEFORE TAX

(a) Other than those disclosed elsewhere in the financial statements, the profit before tax is arrived at:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
After charging:				
Auditors' remuneration				
- current year	115,000	105,000	34,000	31,000
- non-audit related service	5,000	5,000	5,000	5,000
Depreciation of property, plant and equipment	4,627,298	4,547,498	-	-
Rental expenses:				
- lease of low value assets	8,393	6,000	-	-
- short-term lease	18,712	104,480	-	-
and crediting:				
Gain on disposal of property, plant and equipment	-	(34,999)	-	-
Gain on lease modification	-	(4,943)	-	-
Interest income	(853,044)	(427,783)	(288,491)	(281,285)
Write back of slow moving inventories	-	(80,397)	-	-
Realised gain on foreign exchange	(238,690)	(152,249)	-	-
Unrealised gain on foreign exchange	(49,002)	(27,968)	-	-

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19. PROFIT BEFORE TAX (continued)

(b) Net loss/(gain) on impairment of financial assets recognised in profit or loss were as follows:

	Group	
	2023	**2022**
	RM	**RM**
Impairment losses on:		
- trade receivables (Note 9)	418,437	-
Reversal of impairment losses on:		
- trade receivables (Note 9)	-	(83,558)
Net loss/(gain) on impairment of financial assets	418,437	(83,558)

20. EMPLOYEE BENEFITS

	Group	
	2023	**2022**
	RM	**RM**
Salaries, allowance and bonus	12,485,876	10,754,112
Contributions to defined contribution plan	1,134,385	967,777
Social security contributions	163,153	129,153
ESOS expenses	2,523,435	3,298,324
	16,306,849	15,149,366

Included in the employee benefits of the Group and of the Company are remuneration of Directors amounting to RM1,923,169 (2022: RM1,976,536) and RM798,266 (2022: RM913,046) respectively as disclosed in Note 24(c) to the financial statements.

21. TAXATION

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Current tax expense based on profit for the financial year:				
- Current year	3,895,644	1,882,449	5,400	-
- Over provision in prior years	(75,094)	(144,951)	-	(1,355)
	3,820,550	1,737,498	5,400	(1,355)
Deferred tax (Note 15):				
- Relating to origination and reversal of temporary differences	76,974	1,279,797	-	-
- Over provision in prior years	(329,012)	(11,719)	-	-
	(252,038)	1,268,078	-	-
Taxation for the financial year	3,568,512	3,005,576	5,400	(1,355)

21. TAXATION (continued)

(a) The Malaysian income tax is calculated at the Malaysian statutory tax rate of 24% (2022: 24%) of the estimated assessable profit for the year.

(b) The reconciliation of the taxation and product of accounting profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Profit before tax	12,850,008	11,513,485	6,187,539	6,751,770
Tax at Malaysian statutory tax rate of 24% (2022: 24%)	3,084,001	2,763,236	1,485,009	1,620,425
Non-deductible expenses	1,102,275	1,077,890	317,627	273,358
Non taxable income	(127,774)	(19,664)	(1,797,236)	(1,893,783)
Utilisation of reinvestment allowances in the current financial year	(85,884)	(659,216)	-	-
	3,972,618	3,162,246	5,400	-
Over provision of tax expenses in prior years	(75,094)	(144,951)	-	(1,355)
Over provision of deferred tax in prior years	(329,012)	(11,719)	-	-
Taxation for the financial year	3,568,512	3,005,576	5,400	(1,355)

22. EARNINGS PER SHARE

(a) Basic

Basic earnings per share for the financial year is calculated by dividing profit attributable to owners of the Company for the financial year by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2023	**2022**
	RM	**RM**
Profit attributable to the owners of the Company for the financial year	9,306,107	8,421,808
Weighted average number of ordinary shares at end of the financial year (unit)	388,430,000	388,430,000
Basic earnings per ordinary share (sen)	2.40	2.17

(b) Diluted

Diluted earnings per share for the financial year is calculated by dividing the profit attributable to owners of the Company for the financial year 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.

23. DIVIDEND

	Paid on	Group and Company 2023 RM	2022 RM
Attributable to owners of the Company:			
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
Recognised for the financial year ended 31 May 2023			
Final single tier dividend in respect of financial year ended 31 May 2022 of RM0.0075 per ordinary share	30 November 2022	2,913,225	-
Interim single tier dividend in respect of financial year ended 31 May 2023 of RM0.0075 per ordinary share	7 March 2023	2,913,225	-
		5,826,450	6,797,525

On 21 July 2023, the Directors proposed a final single tier dividend of RM0.0075 per ordinary share amounting to RM2,913,225 for the financial year ended 31 May 2023, 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 2024.

24. RELATED PARTY DISCLOSURES

(a) Identity of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other parties.

24. RELATED PARTY DISCLOSURES (continued)

(a) Identity of related parties (continued)

The Company has controlling related party relationship with its direct and indirect subsidiaries and ultimate holding company.

Related parties of the Group include:

(i) Ultimate holding company;

(ii) Direct and indirect subsidiaries as disclosed in Note 7 to the financial statements; and

(iii) Key management personnel who are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of the senior management of the Group.

(b) Significant related party transactions

In additions to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with the related parties during the financial year:

	Group 2023 RM	2022 RM	Company 2023 RM	2022 RM
Transaction with ultimate holding company				
Aurora Meadow Sdn. Bhd. - Lease expenses	52,800	53,279	-	-
Transactions with subsidiaries				
Hayan Prints (M) Sdn. Bhd. - Dividend income	-	-	7,200,000	7,890,000

The related party transactions described above were carried out in the ordinary course of business and have been established under negotiated and mutually agreed terms.

Information regarding outstanding balance arising from related party transactions as at 31 May 2023 are disclosed in Notes 9 and 16 to the financial statements.

24. RELATED PARTY DISCLOSURES (continued)

(c) Compensation of key management personnel

The remunerations paid by the Group and the Company to Directors and other members of key management during the financial year are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Directors of the Company:				
Fees	540,000	490,000	420,000	420,000
Salaries, allowance and bonus	687,933	670,909	9,600	15,200
Contributions to defined contribution plan	128,883	124,584	-	-
Social security contributions	705	593	-	-
ESOS expenses	505,648	655,450	368,666	477,846
	1,863,169	1,941,536	798,266	913,046
Directors of the subsidiaries:				
Fees	60,000	35,000	-	-
	1,923,169	1,976,536	798,266	913,046
Key management personnel:				
Salaries, allowance and bonus	317,350	483,568	-	-
Contributions to defined contribution plan	30,719	59,582	-	-
Social security contributions	1,974	1,657	-	-
ESOS expenses	237,400	420,839	-	-
	587,443	965,646	-	-

25. CAPITAL COMMITMENT

	Group	
	2023 RM	2022 RM
Capital expenditure in respect of purchase of property, plant and equipment		
- Approved and contracted for	11,573,017	1,619,947

26. CONTINGENT LIABILITIES

	Company	
	2023 RM	2022 RM
Corporate guarantee given to financial institutions for credit facility granted to subsidiaries		
- Limit of guarantee	26,656,265	10,489,265
- Amount utilised	8,062,246	6,316,739

The Company designates corporate guarantees given to financial institutions for credit facilities granted to subsidiaries as financial liabilities at the time the guarantee is issued in accordance with MFRS 9 *Financial Instruments*. The accounting policy for financial guarantee contracts is disclosed in Note 4.7(b)(i) to the financial statements.

The Company monitors on an ongoing basis the results of the subsidiaries and repayment made by the subsidiaries. As at the end of the reporting period, there was no indication that the subsidiaries would default on repayment and no values are ascribed on corporate guarantees provided by the Company to secure bank loans and other banking facilities granted to its subsidiaries where such loans and bank facilities are fully collateralised by charges over property, plant and equipment of the subsidiaries and where the Directors regard the value of the credit enhancement provided by the corporate guarantees as minimal. The Directors are of the view that the likelihood of the financial institutions calling upon the corporate guarantees is remote.

The fair values of the above corporate guarantees given to the subsidiaries for banking facilities are negligible.

No expected credit loss is recognised arising from financial guarantee as it is negligible.

27. SEGMENTAL INFORMATION

For management purposes, the Group is organised into business units based on their products and services. The reportable segments are summarised 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 profit or loss and other 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 (continued)

	Corrugated packaging RM	Non-corrugated packaging RM	Rigid boxes RM	Others RM	Adjustments and eliminations RM	Group RM
2023						
External revenue	15,946,954	49,532,541	10,647,686	4,676,338	-	80,803,519
Inter segment revenue	270,387	839,845	2,676,061	7,207,289	(10,993,582)	-
Total revenue	16,217,341	50,372,386	13,323,747	11,883,627	(10,993,582)	80,803,519
Results						
Depreciation of property, plant and equipment	1,068,253	3,318,082	391,500	313,258	(463,795)	4,627,298
ESOS expenses	-	-	-	2,523,435	-	2,523,435
Other non-cash (expenses)/income	(72,910)	(226,464)	(48,681)	(21,380)	-	(369,435)
Segment profit from operations	3,758,937	14,820,476	394,256	1,556,376	(7,200,000)	13,330,045
Assets						
Addition to non-current assets	1,050,689	3,263,526	701,539	308,107	-	5,323,861
Segment assets	76,594,337	131,750,270	8,759,975	20,091,842	(92,329,037)	144,867,387
Liabilities						
Segment liabilities	14,295,571	19,178,186	3,231,521	5,944,335	(25,584,527)	17,065,086

27. SEGMENTAL INFORMATION (continued)

	Corrugated packaging RM	Non-corrugated packaging RM	Rigid boxes RM	Others RM	Adjustments And eliminations RM	Group RM
2022						
External revenue	27,703,982	35,054,096	19,008,917	3,995,636	-	85,762,631
Inter segment revenue	-	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 of property, plant and equipment	1,419,504	1,796,111	366,230	973,984	(8,331)	4,547,498
ESOS expenses	-	-	-	3,298,324	-	3,298,324
Other non-cash (expenses)/income	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	2,248,930	2,845,591	497,295	1,543,089	(63,000)	7,071,905
Segment assets	75,248,599	95,212,725	9,074,157	51,631,365	(87,438,681)	143,728,165
Liabilities						
Segment liabilities	12,908,372	16,333,079	6,421,803	8,857,001	(22,730,465)	21,789,790

27. SEGMENTAL INFORMATION (continued)

(a) Inter-segment revenues are eliminated on consolidation.

(b) The inter-segment assets are adjusted against the segment assets to arrive at total assets reported in the consolidated statement of financial position.

(c) The inter-segment liabilities are adjusted against the segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position.

(d) Reportable segment profit or loss, assets and liabilities of the Group are as follows:

	Group	
	2023	**2022**
	RM	**RM**
Profit for the financial year		
Segment profit from operations	13,330,045	12,068,543
Finance costs	(480,037)	(555,058)
Taxation	(3,568,512)	(3,005,576)
Profit for the financial year as per statements of profit or loss and other comprehensive income	9,281,496	8,507,909
Other non-cash expenses/(income)		
Gain on disposal of property, plant and equipment	-	(34,999)
Gain on lease modification	-	(4,943)
Impairment losses on trade receivables	418,437	-
Reversal of impairment loss on trade receivables	-	(83,558)
Write back of slow moving inventories	-	(80,397)
Unrealised gain on foreign exchange	(49,002)	(27,968)
	369,435	(231,865)
Additions to non-current assets		
Property, plant and equipment	5,323,861	7,071,905
Assets		
Segments assets	144,867,387	143,728,165
Current tax assets	3,294,629	3,478,732
Total assets	148,162,016	147,206,897

27. SEGMENTAL INFORMATION (continued)

(d) Reportable segment profit or loss, assets and liabilities of the Group are as follows (continued):

	Group	
	2023	**2022**
	RM	**RM**
Liabilities		
Segments liabilities	17,065,086	21,789,790
Deferred tax liabilities	7,788,660	8,040,698
Current tax liabilities	22,573	69,193
Total liabilities	24,876,319	29,899,681

(e) Geographical segments

Segment information relating to geographical areas of operation has not been presented as the Group operates only in Malaysia.

28. FINANCIAL RISK MANAGEMENT

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.

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 funds and fixed deposits with licensed banks), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

28. FINANCIAL RISK MANAGEMENT (continued)

(i) Credit risk (continued)

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group 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.

Fixed deposits with licensed banks and cash and bank balances are placed with major financial institutions in Malaysia. The Directors believe that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

The credit risk concentration profile of the trade and other receivables has been disclosed in Note 9 to the financial statements.

(ii) Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

The Group is actively managing its operating cash flows to ensure all commitments and funding needs are met. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

The analysis of financial instruments by remaining contractual maturities has been disclosed in Notes 13, 14 and 16 to the financial statements.

(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 transactions that are denominated in a currency other than the functional currency of the Group. Foreign exchange exposures in transactional currencies other than functional currency of the Group are kept to an acceptable level. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Singapore Dollar ("SGD") and Chinese Renminbi ("RMB").

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.

The foreign currency profile and sensitivity analysis have been disclosed in Notes 9, 10 and 16 to the financial statements.

(iv) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group would fluctuate because of changes in market interest rates. The exposure of the Group to interest rates risk arises primarily from their floating interest rate borrowings.

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Notes 13 and 14 to the financial statements.

29. 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. No changes were made in the objective, policies or processes during the financial years ended 31 May 2023 and 31 May 2022.

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	
	2023	**2022**
	RM	**RM**
Borrowings	8,062,246	10,550,527
Lease liabilities	604,623	496,963
Total debts	8,666,869	11,047,490
Total equity attributable to the owners of the Company	121,490,266	115,487,174
Debt-to-equity ratio	0.07	0.10

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.

Pursuant to the requirements of Guidance Note No.3 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity of more than or equals to twenty-five per centum (25%) of the issued and paid-up capital of the Company. The Company has complied with this requirement during the financial year ended 31 May 2023.

30. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Acquisition of property. plant and equipment

On 19 December 2022, a subsidiary of the Company, Hayan Prints (M) Sdn. Bhd. entered into a Sale and Purchase Agreement with a third party for the purchase of one (1) unit of double storey office and one (1) unit of single storey warehouse for a total consideration of RM7,700,000.

The transaction has not been completed as at the end of reporting period.

31. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

31.1 New MFRSs adopted during the financial year

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 *Reference to the Conceptual Framework*	1 January 2022
Amendments to MFRS 116 *Property, Plant and Equipment - Proceeds before Intended Use*	1 January 2022
Amendments to MFRS 137 *Onerous Contracts - Cost of Fulfilling a Contract*	1 January 2022

The adoption of the above Standards and Amendments did not have any material effect on the financial performance or position of the Group and the Company.

31.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2023

The following are Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been early adopted by the Group and the Company:

Title	Effective Date
MFRS 17 *Insurance Contracts*	1 January 2023
Amendments to MFRS 17 *Insurance Contracts*	1 January 2023
Amendments to MFRS 17 *Initial Application of MFRS 17 and MFRS 9 - Comparative Information*	1 January 2023
Amendments to MFRS 101 *Disclosure of Accounting Policies*	1 January 2023
Amendments to MFRS 108 *Definition of Accounting Estimates*	1 January 2023
Amendments to MFRS 112 *Deferred tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
Amendments to MFRS 16 *Lease liability in a Sale and Leaseback*	1 January 2024
Amendments to MFRS 101 *Classification of Liabilities as Current or Non-current*	1 January 2024
Amendments to MFRS 101 *Non-current Liabilities with Covenants*	1 January 2024
Amendments to MFRS 107 and MFRS 7 *Supplier Finance Arrangements*	1 January 2024
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets* between *an Investor and its Associate or Joint Venture*	Deferred
Amendments to MFRS 112 *International Tax Reform - Pillar Two Model Rules*	See paragraph 98M of MFRS 112

The Group and the Company are in the process of assessing the impact of implementing these Standards, since the effects would only be observable for future financial years.

32. COMPARATIVE FIGURES

The comparative figures have been reclassified to conform with the current year's presentation:

	As previously reported RM	Effects of reclassification RM	As restated RM
Statements of financial positions			
Group			
Current assets			
Trade receivables	25,003,354	(25,003,354)	-
Other receivables	916,788	(916,788)	-
Trade and other receivables	-	25,920,142	25,920,142
	25,920,142	-	25,920,142
Non-current liabilities			
Borrowings	7,872,954	(7,872,954)	-
Current liabilities			
Trade payables	8,426,412	(8,426,412)	-
Other payables	2,297,809	(2,297,809)	-
Amount due to ultimate holding company	18,079	(18,079)	-
Trade and other payables	-	10,742,300	10,742,300
Borrowings	2,677,573	7,872,954	10,550,527
	21,292,827	-	21,292,827
Company			
Current assets			
Other receivables	13,609	(13,609)	-
Amount due from subsidiaries	21,341,144	(21,341,144)	-
Trade and other receivables	-	21,354,753	21,354,753
	21,354,753	-	21,354,753
Statements of profit or loss and other comprehensive income			
Group			
Other income	83,558	(83,558)	-
Net gain on impairment of financial assets	-	83,558	83,558
	83,558	-	83,558

32. COMPARATIVE FIGURES (continued)

The comparative figures have been reclassified to conform with the current year's presentation (continued):

	As previously reported RM	Effects of reclassification RM	As restated RM
Statements of profit or loss and other comprehensive income (continued)			
Group			
Administrative expenses	10,269,608	(1,996,679)	8,272,929
Selling and marketing expenses	-	1,996,679	1,996,679
	10,269,608	-	10,269,608
Statements of cash flows			
Group			
Net cash from investing activities			
Advances from ultimate holding company	-	4,879	4,879
Net cash from financing activities			
Advances from ultimate holding company	4,879	(4,879)	-
	4,879	-	4,879

List Of Properties

Postal Address	Description / Existing use	Land Area (sq. ft)	Built-up area (sq. ft)	Approximate age of buildings (years)	Tenure / Date of expiry of lease	Date of acquisition	Net book value as at 31 May 2023 (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	18	99 years expiring on 14 August 2096 (remaining tenure 73 years)	05/11/2003	1,422
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	18	99 years expiring on 14 August 2096 (remaining tenure 73 years)	05/11/2003	1,126
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	5	99 years expiring on 14 August 2096 (remaining tenure 73 years)	03/05/2016	3,389
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	19,877.50	4	99 years expiring on 14 August 2096 (remaining tenure 73 years)	03/05/2016	2,976

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.*

List Of Properties

Postal Address	Description/ Existing use	Land Area (sq. ft)	Built-up area (sq. ft)	Approximate age of buildings (years)	Tenure / Date of expiry of lease	Date of acquisition	Net book value as at 31 May 2023 (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	16	99 years expiring on 14 August 2096 (remaining tenure 73 years)	23/08/2017	2,526
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	18	99 years expiring on 14 August 2096 (remaining tenure 73 years)	30/12/2009	953
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	16	99 years expiring on 14 August 2096 (remaining tenure 73 years)	14/09/2018	6,121
Lot 8522, Jalan TTC 29, Taman Teknologi Cheng, 75250 Melaka	Description: Vacant industry land	9,999.67	-(i)	-(i)	99 years expiring on 14 August 2096 (remaining tenure 73 years)	17/08/2022	915
Lot 8523, Jalan TTC 29, Taman Teknologi Cheng, 75250 Melaka	Description: Vacant industry land	9,999.67	-(i)	-(i)	99 years expiring on 14 August 2096 (remaining tenure 73 years)	17/08/2022	915

Note:
(i) The buildings are currently under construction and is expected to be completed in the 2nd half of 2023.

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	0.22	100	0.00
100 to 1,000 shares	440	13.75	295,600	0.07
1,001 to 10,000 shares	1,532	47.86	8,731,200	2.25
10,001 to 100,000 shares	1,039	32.46	37,338,800	9.61
100,001 to 19,421,499 shares (*)	180	5.62	91,378,440	23.53
19,421,500 shares and above (**)	3	0.09	250,685,860	64.54
Total	**3,201**	**100.00**	**388,430,000**	**100.00**

Notes:
* - Less than 5% of issued shares
** - 5% and above of issued shares

OUR FINANCIAL PERFORMANCE
As at 30 August 2023

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	26,248,702	6.76	-	-
Kok Hon Seng	23,541,528	6.06	214,900,295(1)	55.33
Lau Tee Tee @ Lau Kim Wah	7,788,268	2.01	207,847,837(2)	53.51
Ng Soh Hoon	14,004,665	3.61	224,437,158(3)	57.78
Chong Fea Chin	6,952,207	1.79	208,683,898(4)	53.73

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.

Analysis Of Shareholdings

DIRECTORS' SHAREHOLDINGS
As at 30 August 2023

Name	Direct Interest No. of Shares Held	%	Indirect Interest No. of Shares Held	%
Lau Tee Tee @ Lau Kim Wah	7,788,268	2.01	207,847,837[1]	53.51
Kok Hon Seng	23,541,528	6.06	214,900,295[2]	55.33
Ng Soh Hoon	14,004,665	3.61	224,437,158[3]	57.78
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 2023

No.	Name of holders	No. of Shares	%
1	Aurora Meadow Sdn. Bhd.	200,895,630	51.72
2	Ang Poh Geok	26,248,702	6.76
3	Kok Hon Seng	23,541,528	6.06
4	Ng Soh Hoon	14,004,665	3.61
5	Lau Tee Tee @ Lau Kim Wah	7,788,268	2.01
6	Chong Fea Chin	6,952,207	1.79
7	Ooi Lee Peng	3,049,600	0.79
8	Ji Yeh Ming	3,000,000	0.77
9	Chong Tong Siew	2,753,700	0.71
10	RHB Capital Nominees (Tempatan) Sdn Bhd	1,936,200	0.50
	(Pledged Securities Account For Ooi Lee Peng)		
11	Chai Pin Koon	1,800,000	0.46
12	HLIB Nominees (Tempatan) Sdn Bhd	1,800,000	0.46
	(Pledged Securities Account For Wah Kein Choong)		
13	Yap Kian Yen	1,685,900	0.43

Analysis Of Shareholdings

THIRTY LARGEST SHAREHOLDERS
As at 30 August 2022

No.	Name of holders	No. of Shares	%
14	RHB Nominees (Tempatan) Sdn Bhd	1,629,600	0.42
	(Pledged Securities Account For Ji Jock Wah)		
15	Ng Chet Luk	1,453,000	0.37
16	Tay Cheng Foo	1,205,300	0.31
17	Liu Chong Yew	1,030,000	0.27
18	Alliancegroup Nominees (Tempatan) Sdn Bhd	837,400	0.22
	(Pledged Securities Account For Lui Yuen Qiu)		
19	Ikhwan Muda Sdn Bhd	836,600	0.22
20	RHB Nominees (Tempatan) Sdn Bhd	757,700	0.19
	(Pledged Securities Account For Chai Pin Koon)		
21	Chai Chan Yoong	718,200	0.18
22	Ng Kok Wah	650,000	0.17
23	Teng Chee Kang	637,800	0.16
24	RHB Nominees (Tempatan) Sdn Bhd	630,000	0.16
	(Pledged Securities Account For Piong Teck Yen)		
25	Piong Teck Min	622,500	0.16
26	RHB Nominees (Tempatan) Sdn Bhd	587,200	0.15
	(Pledged Securities Account For Ooi Lee Peng)		
27	Maybank Nominees (Tempatan) Sdn Bhd	580,000	0.15
	(Pledged Securities Account For Piong Teck Yen)		
28	CGS-CIMB Nominees (Tempatan) Sdn Bhd	575,500	0.15
	(Pledged Securities Account For Thang Tak Seng)		
29	Universal Trustee (Malaysia) Berhad (Ta Dana Fokus)	560,000	0.14
30	Amerlink Enterprise Sdn Bhd	550,000	0.14
	Total	**309,317,200**	**79.63**

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifth Annual General Meeting of the Company will be convened and held at Hall 5, Level 6, Swan Garden Resort Hotel Melaka, 2, Jalan KSB 2, Taman Kota Syahbandar, 75200 Melaka, Malaysia on Friday, 27 October 2023 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 2023 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 2023. **Ordinary Resolution 1**

3. To approve the 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 2023 until the conclusion of the next Annual General Meeting ("**AGM**") of the Company, to be paid monthly in arrears. **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 Lau Tee Tee @ Lau Kim Wah; and **Ordinary Resolution 3**
   (ii) Mr Kok Hon Seng. **Ordinary Resolution 4**

5. To re-appoint BDO PLT as Auditors of the Company 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 in connection with the above, pursuant to Section 85 of the Act and Clause 12(1) of the Constitution of the Company, the shareholders do hereby waive the statutory pre-emptive rights of offered shares in proportion of their holdings at such price and at such terms to be offered arising from issuance of new shares pursuant to this mandate by the Company.

   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 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 Fifth AGM, a final single-tier dividend of 0.75 sen per ordinary share in respect of the financial year ended 31 May 2023 will be paid on 30 November 2023 to Depositors whose names appear in the Record of Depositors on 16 November 2023.

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 2023 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: 22 September 2023

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 2023 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 Fifth 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**

Pursuant to Malaysian Code on Corporate Governance, the profiles of the Directors who are standing for re-election as per Agenda item 4 are set out in the Directors' profiles of the Annual Report 2023.

The performance, contribution, effectiveness and independence (as the case may be) of the retiring Directors, namely Mr Lau Tee Tee @ Lau Kim Wah and Mr Kok Hon Seng (collectively "**Retiring Directors**") have been assessed by the Nomination Committee ("**NC**"). In addition, the NC has also conducted an assessment on the fitness and propriety of the Retiring Directors including the review of their fit and proper declarations and results of their background checks in accordance with the Directors' Fit & Proper Policy. The Retiring Directors have abstained from deliberations and decision on their own eligibility and suitability to stand for re-election.

Based on the recommendation of NC, the Board endorsed the same, having been satisfied with performance as well as fitness and propriety of the Retiring Directors.

(iii) **Ordinary Resolution 6 - Authority pursuant to Section 76 of the Act for the Directors to Allot and Issue Shares**

The Company had, during its Fourth AGM held on 27 October 2022, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to the Section 76 of the Act. As at the date of this notice, the Company did not issue any shares pursuant to this mandate obtained.

The Ordinary Resolution 6 proposed under item 6 of the Agenda is to seek shareholders' approval of the general mandate for issuance of shares by the Company under Section 76 of the Act.

This proposed Ordinary Resolution 6, if passed, will provide flexibility for the Company for fund raising 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 the purpose of working capital or provide funding for future investments or undertakings. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares.

This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

The waiver of pre-emptive rights pursuant to Section 85 of the Act and Clause 12(1) of the Company's Constitution will allow the Directors of the Company to issue new shares of the

Company which rank equally to existing issued shares of the Company, to any person without having to offer the new shares to all existing shareholders of the Company prior to the issuance of new shares in the Company under the General Mandate.

At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is sought, 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 Fifth Annual General Meeting of the Company to be convened and held at Hall 5, Level 6, Swan Garden Resort Hotel Melaka, 2, Jalan KSB 2, Taman Kota Syahbandar, 75200 Melaka, Malaysia on Friday, 27 October 2023 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 0.75 sen per ordinary share in respect of the financial year ended 31 May 2023.	**Ordinary Resolution 1**		
2.	To approve the 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 2023 until the conclusion of the next Annual General Meeting of the Company, to be paid monthly in arrears.	**Ordinary Resolution 2**		
3.	To re-elect Mr Lau Tee Tee @ Lau Kim Wah as Director.	**Ordinary Resolution 3**		
4.	To re-elect Mr Kok Hon Seng as Director.	**Ordinary Resolution 4**		
5.	To re-appoint BDO PLT as Auditors of the Company 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

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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.*

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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 Fifth Annual General Meeting dated 22 September 2023.

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