



HPP HOLDINGS BERHAD

REG.NO.201801043588 (1305620D)

ANNUAL REPORT

Harbour of Packaging Printing

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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 and flexographic printing technology. Hayan Packaging Sdn. Bhd. and Big Tree Realty Sdn. Bhd. are principally involved in investment holding of real property.

In the fourth quarter of 2023, our Group broadened its product portfolio by launching paper pulp moulded packaging production line as part of its commitment to the Environmental, Social and Governance (“ESG”).

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 customers’ satisfaction through strengthening Q, C, D, S (Quality, Cost, Delivery and Service)

OUR PLANTS IN MELAKA



HEADQUARTERS WITH MANUFACTURING SITE



MANUFACTURING SITE 2



MANUFACTURING SITE 3



MANUFACTURING SITE 4



MANUFACTURING SITE 5



MANUFACTURING SITE 6

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Commitment

We are highly committed to our valued customers, providing customised services and superior quality products based on their needs.



Transparency

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



Trust & Integrity

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



Employees’ Welfare

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

HISTORY

AND KEY MILESTONES

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

1996

2005

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



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

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

2006

2007

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

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

2008

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.



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).

2015

Acquired one unit of **WET HOT PRESS PAPER PULP MOULDED PACKAGING MACHINE**.

2024

Acquired one unit of **3D PRINTING MACHINE**.

Commenced **PAPER PULP MOULDED PACKAGING** production line.

2023

Acquired one unit of **DRY HOT PRESS PAPER PULP MOULDED PACKAGING MACHINE**.

Undergone the **SEDEX MEMBERS ETHICAL TRADE AUDIT (SMETA)**.



Acquired one unit of **FULLY COMPUTERISED VACUUM TRANSFER 5+1 COLOURS FLEXO PRINTER IR DRYER VARNISH STACKER MACHINE** to meet customers' 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 to **ISO 12647**.

2022

2021

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

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



Obtained **G7 MASTER FACILITY COLORSPACE** certificate.

2020

2019

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



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

Obtained **SONY GREEN PARTNER** accreditation.

2018

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

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

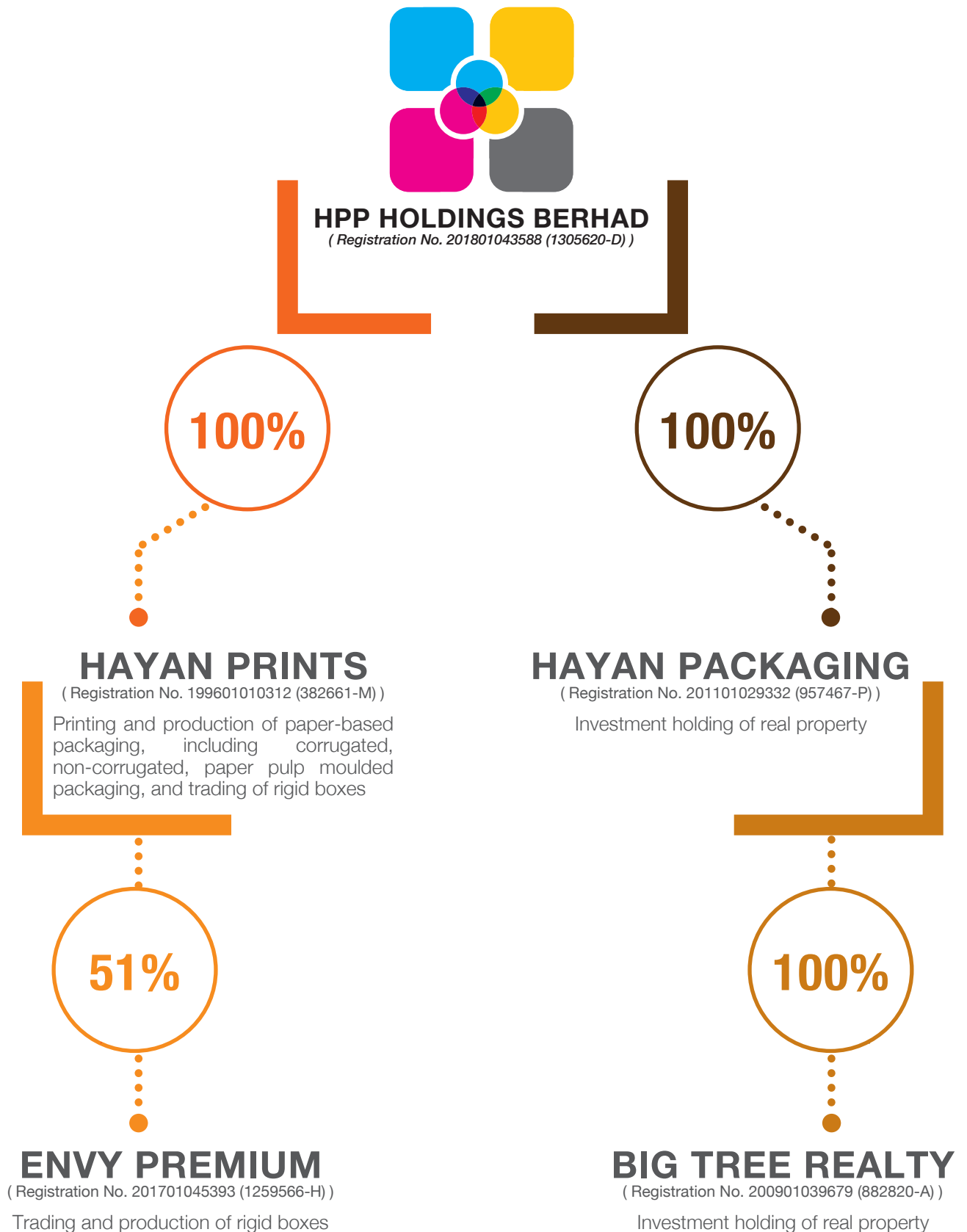
AUDITORS

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



1 LEE CHONG LENG

INDEPENDENT
NON-EXECUTIVE
DIRECTOR

3 LAU TEE TEE @ LAU KIM WAH

NON-INDEPENDENT
NON-EXECUTIVE
CHAIRMAN

5 KOK HON SENG

EXECUTIVE DIRECTOR /
GROUP MANAGING
DIRECTOR

2 CHOO CHEE BENG

INDEPENDENT
NON-EXECUTIVE
DIRECTOR

4 NG SOH HOON

EXECUTIVE DIRECTOR /
PROCUREMENT
DIRECTOR

6 PHILIP GOH TECK SIANG

INDEPENDENT
NON-EXECUTIVE
DIRECTOR

BOARD OF DIRECTORS

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Directors' Profile



LAU TEE TEE @ LAU KIM WAH
NON-INDEPENDENT
NON-EXECUTIVE
CHAIRMAN
• AGE 75
• 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 67
• MALE • MALAYSIAN
Date of Appointment
29 November 2018

Working Experience

Mr. Kok has 34 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 served the consumer electrical and electronics ("E&E"), pharmaceutical, sheath contraceptive, food and beverage and non-electrical household products industries.

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 51
- 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.

Directors' Profile



**PHILIP
GOH TECK SIANG**
INDEPENDENT
NON-EXECUTIVE
DIRECTOR

- AGE 64
- 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 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

Directors' Profile



LEE CHONG LENG
INDEPENDENT
NON-EXECUTIVE
DIRECTOR

- AGE 42
- MALE • MALAYSIAN
- Date of Appointment
18 November 2019

Working Experience

Mr. Lee has more than 20 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



CHOO CHEE BENG
INDEPENDENT
NON-EXECUTIVE
DIRECTOR

- AGE 54
- MALE • MALAYSIAN
- Date of Appointment
18 November 2019

Working Experience

Mr. Choo has 30 years of experience in management and finance related functions, including financial and tax planning, corporate finance, fund raising, treasury management, amongst others.

Between 2008 and 2023, Mr. Choo held the position of Chief Financial Officer in 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., Skyworld Development Sdn. Bhd. and United Malayan Land Bhd. Currently, Mr. Choo serve as the Chief Finance Officer of Guocoland (Malaysia) Berhad.

Mr. Choo is also an Independent Non-Executive Director of LY Corporation Limited, a public company listed on the Catalist of Singapore Exchange Securities Limited, and Tomei Consolidated Berhad, a public company listed on the Main Market of Bursa Malaysia Securities Berhad.

Other than HPP Holdings Berhad and the other directorships as disclosed above, he does not hold any directorship in public companies or listed corporations.

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 and subsequently as a fellow of the Association of Chartered Certified Accountants and Chartered Accountant of Malaysian Institute of 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

DIRECTORS' PROFILE

Directorship In Public Companies And Listed Corporations

Save for Mr. Choo Chee Beng as disclosed, 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 46 of this Annual Report for the Directors' meeting attendance records for the financial year under review.



MANAGEMENT PROFILE

Key Senior Management's Profile



LIM GIN FOO

CHIEF OPERATING
OFFICER I

- AGE 43
- MALE • MALAYSIAN

Working Experience

Mr. Lim has over 20 years of combined experience in operation management, corporate development, and strategic leadership.

He worked in various functional roles across various industries namely engineering, equipment manufacturing, semiconductors, property development, infrastructure, technology, and consulting. His broad experience has provided him with a unique and comprehensive understanding of industry dynamics, as well as the ability to implement effective strategies for growth and efficiency.

Mr. Lim's career also includes international posting experience in the US, China, Germany, Japan, and Singapore. This global exposure has enhanced his understanding of international operations and cross-cultural management.

He joined our group on 16 October 2023 as Chief Operating Officer I and is responsible to oversee and improve our Group's day-to-day administrative and operational functions. He also focuses on group strategic planning, business development, public and investor relations, process improvement and optimisation as well as group sustainability efforts.

Academic And Professional Qualifications

Mr. Lim holds the below mentioned qualifications :

- B. Sc. Mechanical Engineering from Western Michigan University, USA.
- Masters of Business Administration from University of Southern Queensland, Australia.
- Certificate in Circular Economy and Sustainability Strategies from Judge Business School, Cambridge University, England.

Family Relationship With Any Directors And / Or Major Shareholders Of Our Company

Nil.

**LIM SZE MING**CHIEF OPERATING
OFFICER II

- AGE 54
- 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.

**Key Senior
Management's Profile****MAH CHEN WAH**CHIEF FINANCIAL
OFFICER

- AGE 49
- MALE • MALAYSIAN

Working Experience

Mr. Mah has 25 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.

**Senior
Management's Profile****TENG TIANG CHIA**PRODUCTION
MANAGER

- AGE 47
- MALE • MALAYSIAN

Working Experience

Mr. Teng has 30 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.

**NG SOH MOY**ADMINISTRATION &
HUMAN RESOURCE
MANAGER

- AGE 60
- FEMALE • MALAYSIAN

Working Experience

Madam Ng has 37 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.

**LEE KUEI YONG**PRE-PRESS
MANAGER

- AGE 42
- FEMALE • MALAYSIAN

Working Experience

Madam Lee has 21 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.

Senior Management's Profile

**NUR SYAFIQAH
BINTI HASSAN**QUALITY ASSURANCE
MANAGER

- AGE 34
- FEMALE • MALAYSIAN

Working Experience

Puan Syafiqah has 9 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.

**TONG MAY FONG**QUALITY CONTROL
MANAGER

- AGE 50
- FEMALE • MALAYSIAN

Working Experience

Ms. Tong has 20 years of experience in the field of Quality Control, Quality Assurance and 10 years of experience in the field of Production and Process Engineering.

She joined our Group as a Quality Control Manager in October 2023.

She oversees the quality control team within the quality assurance and control department that handles QC checks throughout our printing and production process.

In addition, she is also responsible for the development of corrective and preventive measures, involves in the structured and systematic methodology to optimise processes to ensure the quality meets the desired specifications.

Academic And Professional Qualifications

Ms Tong has completed her Sijil Pelajaran Malaysia from SMK Dato' Abdul Rahman Ya'kub, Merlimau, Melaka.

Family Relationship With Any Directors And / Or Major Shareholders Of Our Company

Nil.

Senior Management's Profile

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.



Lau Tee Tee @ Lau Kim Wah
Non-Independent
Non-Executive Chairman

Chairman's Statement

"..... consolidate and strengthen our customer service level commitment and offerings, and further improve on our production capabilities with focus on increasing product quality, production efficiency and productivity..... whilst remaining steadfast in pursuing our strategic goals."

Dear Esteemed Shareholders,

On behalf of the Board of Directors of HPP Holdings Berhad ("HPP Holdings" or "Company") and our subsidiaries ("Group"), I am pleased to present the Annual Report for the financial year ended ("FYE") 31 May 2024.

FYE 2024 has proven to be a particularly challenging year for our Group, with the business landscape becoming more complex than ever before. We are navigating through much intensified geopolitical conflicts, fluctuations in raw material prices and sea freight charges, rising living costs, inflationary and recessionary pressures, foreign exchange volatility, and global technology downturn.

Earnings for companies in the packaging industry have declined by 7.4% annually over the past three years. This trend suggests that the cost of doing business and the level of reinvestment required have increased, leading to a reduction in profits. (*Simple Wall Street, 19 May 2024*).

FYE 2024 saw new entrants coming into the Malaysian printing and paper packaging market, aggressively under-cutting prices, eroding margins to attract customers. Whilst, this market development did affect our revenue and profitability, we had to adapt and manage the situation, taking a longer-term view. We believe that the practice of price under-cutting would destroy shareholder value in the long run, and it is not conducive to the sustainable growth of the Group. Instead, it was an opportunity to consolidate and strengthen our customer service level commitment and offerings, and further improve on our production capabilities, increase product quality, production efficiency and productivity. To further strengthen our production talent pool, we appointed a new Chief Operating Officer, who joined the Group as one of its Key Senior Managers on 16 October 2023, bringing with him over 20 years of combined experience in operations management, corporate development and strategic leadership, having served both in local and various international organisations.

Despite the challenging economic conditions, our Group remained profitable, albeit lower than FYE 2023, with strong cash position, healthy gearing, and sustained net assets per share. We remained steadfast in pursuing our strategic goals, which include:

- (i) achieving sustainable and profitable growth;
- (ii) maintaining a strong liquidity position through prudent cash flow management, stringent credit control, and effective debt management;
- (iii) improving of production efficiency and cost management;
- (iv) offering more innovative printing and packaging solutions, including nine (9) distinct options of coating solutions to our customers and expanding our environmental-friendly sustainable product development with paper pulp moulded packaging and diversifying our customer base across various industries; and
- (v) undertaking the Sedex 4-pillar audit to improve our ethical and dutiful business practices.

The prospect for Malaysia's paper packaging industry is robust, with a projected compound annual growth rate ("CAGR") at around 5.5% for the next 5 years (*Astute Analytica, 19 January 2024*). We look forward to an exciting and rewarding year in FYE 2025, as we strive to amplify our strategic thrust towards our vision as a One Stop Printing and Paper Based Packaging Solution Provider, while further enriching and strengthening our relationship with our customers, suppliers and other stakeholders.

Chairman's Statement

OUR FINANCIAL PERFORMANCE

	2023	2024
 REVENUE		
▼ 14.69%	RM80.80 million	RM68.93 million
 BASIC EARNINGS PER SHARE		
▼ 56.25%	2.40 sen	1.05 sen
 PROFIT AFTER TAX MARGIN		
▼ 5.96%	11.49%	5.53%
 CASH AND BANK BALANCES, NET OF FIXED DEPOSIT PLEDGED AS SECURITY		
▲ 3.06%	RM44.82 million	RM46.19 million
 CURRENT RATIO		
▲ 13.44%	5.43 times	6.16 times
 GEARING RATIO		
▲ 100.00%	0.07 times	0.14 times

Our revenue for FYE 2024 was RM68.93 million, reflecting a decrease of about 14.69% compared to RM80.80 million in FYE 2023. This decline was primarily due to lower sales in the non-corrugated packaging and rigid boxes segments, partially offset by stronger contributions from the corrugated packaging and paper pulp moulded packaging segments.

The business recovery from our existing consumer electrical & electronics ("E&E") industry was slower than expected. However, this is a key segment and we have acquired a new customer which has started to contribute positively to our sales. We have also further expanded into a new industry, non-electrical household products, which has good potential for our revenue contribution.

We recorded lower profit after tax in FYE 2024 mainly due to the lower sales and higher production costs attributable to the manufacturing cost of the newly commissioned paper pulp moulded packaging segment. These were partially offset by higher interest income on our investments in short-term funds and fixed deposits. Overall, our earnings per share decreased in FYE 2024 from 2.40 sen to 1.05 sen.

Our gearing ratio rose to 0.14 times in FYE 2024, up from 0.07 times in FYE 2023 due to the increase in debt for acquisition of factory land and buildings for our ongoing expansion. However, our cash and bank balances, net of fixed deposit pledged as security, improved by approximately 3.06%, reaching RM46.19 million in FYE 2024, compared to RM44.82 million in FYE 2023.

With a healthy cashflow and liquidity position, our Group has the flexibility of funding options as and when the need arises. This puts the Group in a good position to seize market opportunities that may arise.

Chairman's Statement

ONE-STOP PRINTING AND PACKAGING SOLUTION PROVIDER

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

We have strengthened our Sales Team by appointing a new Sales Manager to spearhead our business efforts in Northern Peninsular Malaysia. The results so far have been encouraging as we start to see plenty of new sales inquiries coming in. We also participated in the Hong Kong International Printing & Packaging Fair 2024 in April to promote our products and expand our market share as we look to connect directly with international packaging customers and players.

Recycling and environmental awareness have seen significant growth, both locally and globally. The Environmental Quality (Amendment) Bill 2023 introduced on 16 November 2023 guarantees the safeguarding of our fundamental human rights and protects Malaysians from anthropogenic environmental threats. The European Union's initiative to prevent packaging waste by promoting reuse, refill, and making all packaging recyclable by 2030 is expected to drive demand for our new products made from recyclable materials.

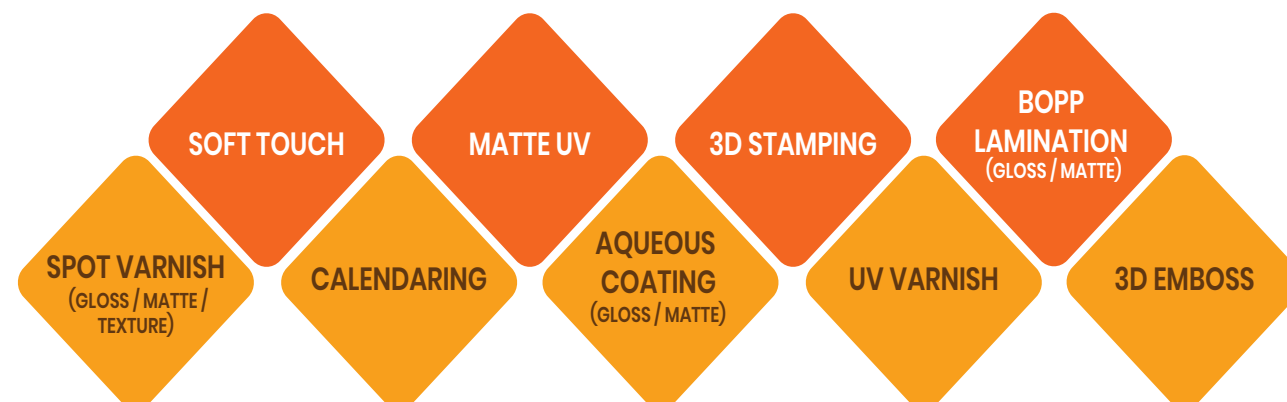
Our Group responded and expanded its product range to include paper pulp moulded packaging, which is eco-friendly, biodegradable, compostable, and recyclable. Moulded pulp packaging has emerged as a sustainable and environmentally responsible solution, utilising recycled paper materials to create rigid and protective packaging. Its ability to cushion and absorb shocks makes it the preferred choice to ensure safe transportation for fragile goods as opposed to other typical related solutions.

With the introduction of Dry Hot Press paper pulp molded packaging solution during the financial year, we have managed to achieve RM 0.92 million in initial sales. The Group has made further investment in Wet Hot Press paper pulp moulded packaging production line which has been fully installed and commissioned. Our Board is optimistic in the value-added benefits of these investments, and believes that the demand for this new packaging product has significant growth potential in contributing to both, the Group's revenue, and profitability.

As a one-stop printing and packaging solution provider committed to sustainable and eco-friendly practices, we are proud to have achieved eight (8) certificates of recognition and awards to date. These include ISO 9001:2015, ISO 14001:2015, LRQA Certified HACCP, Sony Green Partner, G7 Master ColorSpace, ISO 12647-2 Process Standard Offset certifications, Lithographic Process Colour and Spot Colour Methods accredited by SGS & Co PQM Centre of Excellence, and Forest Stewardship Council ("FSC®") Certification..

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

9 COATING SOLUTIONS



Chairman's Statement

CORPORATE SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

We are dedicated to reduce our carbon footprint, with a particular focus on lowering our paper waste ratio by closely monitoring waste generation. Since 2021, we have installed solar panels in our factories, which allowed us to project an estimated reduction of 995,764 kg of carbon dioxide emissions for FYE 2024.

Our employees are among our most valuable assets. Our foreign employees are housed in comfortable living environment that comply with relevant government regulations, including the Akta Kerja 1955 (Pindaan 2022) and the Akta Kerja 1955.

In FYE 2024, our management enhanced human resource policies and practices to align with the human rights indicators set out by the International Labour Organization and the Sedex Members Ethical Data Exchange ("SMETA") requirements. We have also strengthened our workplace environment to further protect workers' rights, welfare, and dignity.

To strengthen rapport and promote work-life balance, weekly badminton games are held among our staff at a local badminton court.

Our Sustainability Statement, found on pages 28 to 45 of this Annual Report details the initiatives we've taken to mitigate environmental impact, ensure employee safety and well-being, and reinvest in the community.

FYE 2024 marks the third consecutive year of our successful blood donation campaign, in line with our corporate ESG goals. In collaboration with the local blood bank and Melaka's KIPMall, our Group organised a blood donation drive aimed at replenishing local blood supplies. This annual event attracted 131 participants, with 104 qualifying to donate. I would like to take this opportunity to thank our co-organisers and sponsors for their support in making this campaign a success.

During FYE 2024, our Group also made a donation to the local orphanage, Lembaga Pengurusan Kebajikan Anak Yatim & Miskin ("PAYASUM"), bringing joy to 53 children there. We shall continue to make a positive socio-economic impact by organising more of these community service events.



Chairman's Statement

DIVIDENDS

Our Group's total declared and paid up dividends for FYE 2024 was 0.50 sen (FYE 2023: 1.50 sen) per ordinary share.

APPRECIATION

On behalf of Board and management, I would like to express my heartfelt thank you to all our employees across our Group for their commitment. Your tremendous efforts and fantastic 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 three years subsequent to our listing.

Lastly, I truly appreciate all the confidence and patience placed on us by all our external stakeholders, including but not limited to our valued customers, business partners, advisors, bankers and suppliers for their support. I am confident and excited to lead our Group to achieving 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 2024.

Our Group is based in Melaka, principally involved in full colour offset printing and flexographic printing technology and production of paper-based packaging, including corrugated packaging, non-corrugated packaging, paper pulp moulded 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 offer a suite of comprehensive printing services – from pre-press to post-press processes. As a “One-Stop Printing and Paper Based Packaging Solution Provider”, we cater to various end user markets, including consumer electrical & electronics (“E&E”), pharmaceutical, sheath contraceptive, food and beverage and non-electrical household products. To complement our paper-based packaging, we provide customisable paper-based packaging solutions to meet our customers’ varied packaging design requirements. We also print brochures, leaflets, labels and paper bags. In addition, our Group trades and produces rigid boxes. In support of our customers’ commitment towards compliance with the Environmental, Social and Governance (“ESG”) standards, we offer paper pulp moulded packaging products.

While our business is predominantly focused on domestic market, we have over the years, expanded our customer base internationally to Singapore, Thailand, Philippines, United States of America (“USA”) and Taiwan. We also continue to serve our Malaysian-based customers who have extended their businesses and manufacturing facilities overseas.

02 FINANCIAL HIGHLIGHTS

FYE 2024 revenue and income was the lowest for the Group in the last 5 years. During this financial year, there was aggressive price under-cutting by some new entrants into the market, eroding margins to attract customers. Whilst, this market development did affect our revenue and profitability, the Group managed the situation by taking a longer-term view, and consolidated our position, by strengthening our customer service proposition and strengthening our production capabilities. Despite this and other economic challenges, it was still a profitable year for the Group, albeit lower than FYE 2023; with strong cash position, healthy gearing and sustained net assets per share.

FYE 31 May	2020	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	101,203	106,682	85,763	80,804	68,932
Profit before tax	12,433	18,973	11,514	12,850	5,101
Profit after tax	8,816	16,940	8,508	9,281	3,814
Dividend in respect of the financial year	N/A	7,769	5,826	5,826	1,942 ⁽ⁱ⁾
Total comprehensive income attributable to owners of the Company	8,233	16,805	8,422	9,306	4,064
Issued share capital	5,500	90,208	90,208	90,208	90,208
Total equity attributable to owners of the Company	67,388	110,565	115,487	121,490	122,027
Total assets	105,663	152,787	147,207	148,162	158,825
Total borrowings (including lease liabilities)	22,286	16,897	11,048	8,667	17,529
Net assets per share (sen)	22.48 ⁽ⁱⁱ⁾	28.46 ⁽ⁱⁱⁱ⁾	29.73 ⁽ⁱⁱⁱ⁾	31.28 ⁽ⁱⁱⁱ⁾	31.42 ⁽ⁱⁱⁱ⁾
Basic earnings per share (sen)	2.75	5.06	2.17	2.40	1.05

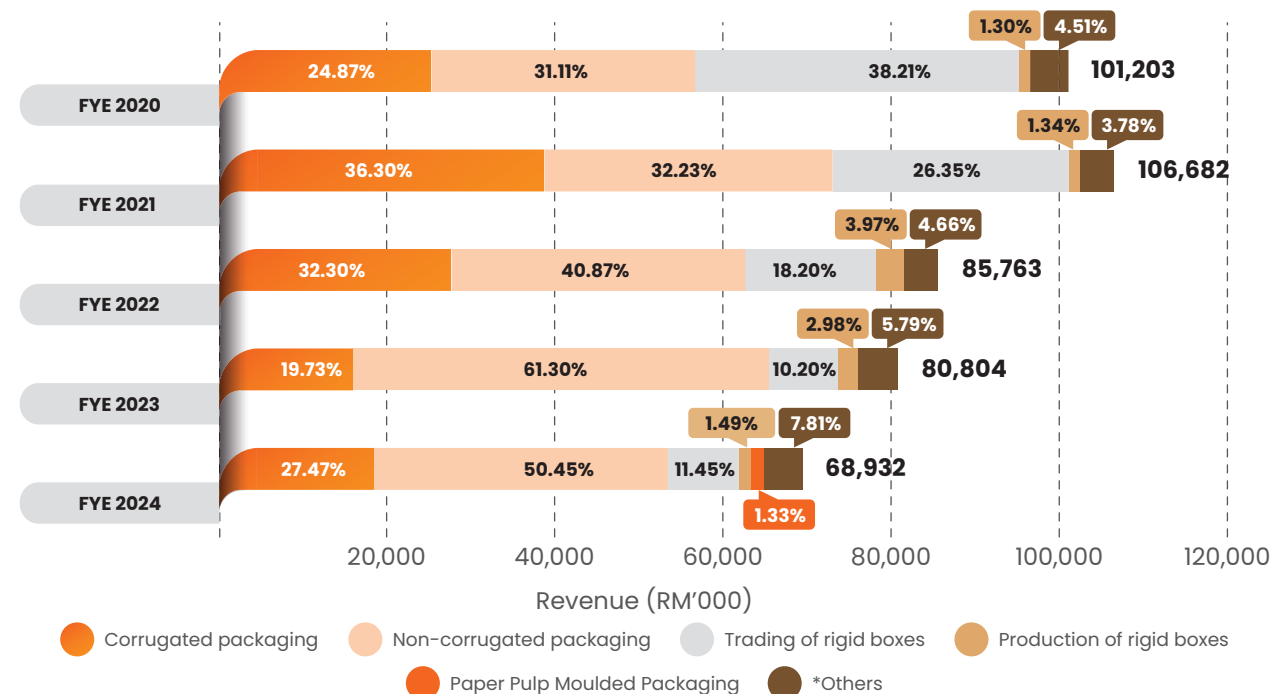
Notes:

(i) Represent interim dividend of 0.50 sen per share (ii) Based on 299.76 million number of shares
(iii) Based on 388.43 million number of shares

Management Discussion And Analysis

I. Financial Performance

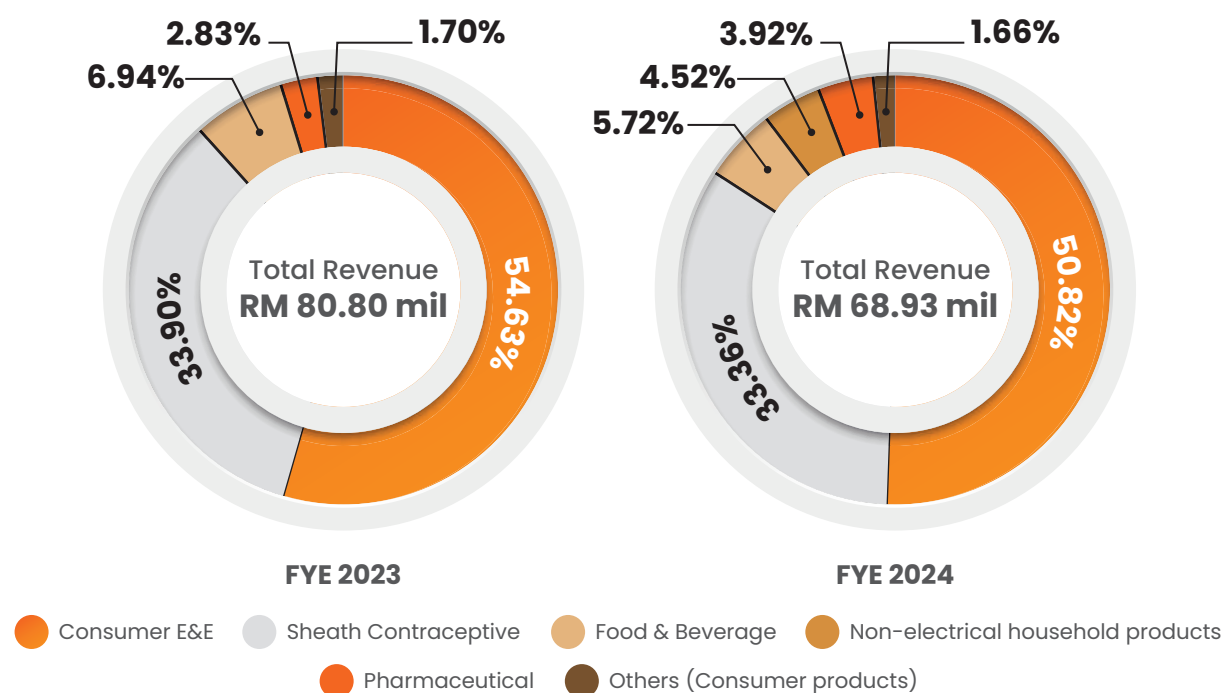
Revenue Segmentation (by products)
for FYE 2020 to FYE 2024 (RM'000)



Note:

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

Since FYE 2022, the Group's product segmentation had gradually shifted. Non-corrugated packaging made up more than half of the total revenue in FYE 2023 and FYE 2024, compared to 30% - 40% in earlier years. The percentage of corrugated packaging sales in FYE 2024 increased by 7.74% compared to FYE 2023 (19.73%). The newly introduced product segment, paper pulp moulded packaging, contributed 1.33% to the revenue in FYE 2024.



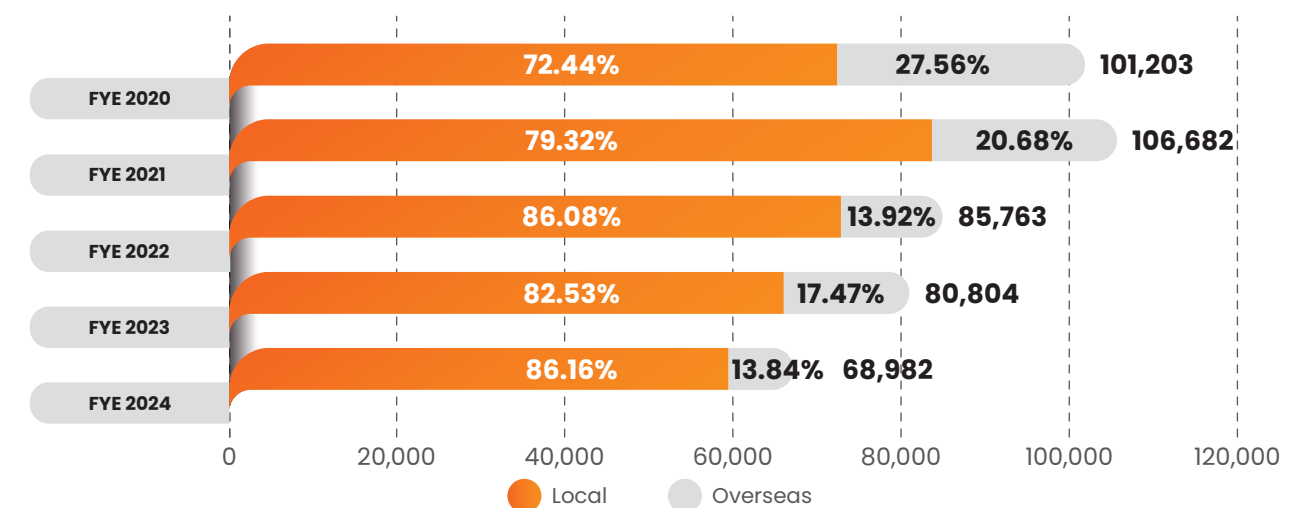
Management Discussion And Analysis

The Group generated a revenue of RM68.93 million for FYE 2024, a decrease of approximately RM11.87 million or 14.69% compared to the previous financial year.

Our Group's revenue decline in FYE 2024 was partly attributed to reduction in order quantities and some price adjustments made in response to competition from both local, and overseas companies based in Malaysia. The packaging market demand was also affected by destocking, and a slowdown in economic activity, particularly within the E&E industry.

Our Group expanded its services into the non-electrical household products segment during the financial year. This new sector together with the pharmaceutical sector contributed 8.44% to our revenue in FYE 2024, up from 2.83% in FYE 2023.

Revenue Segmentation (Domestic vs Overseas)
for FYE 2020 to FYE 2024 (RM'000)



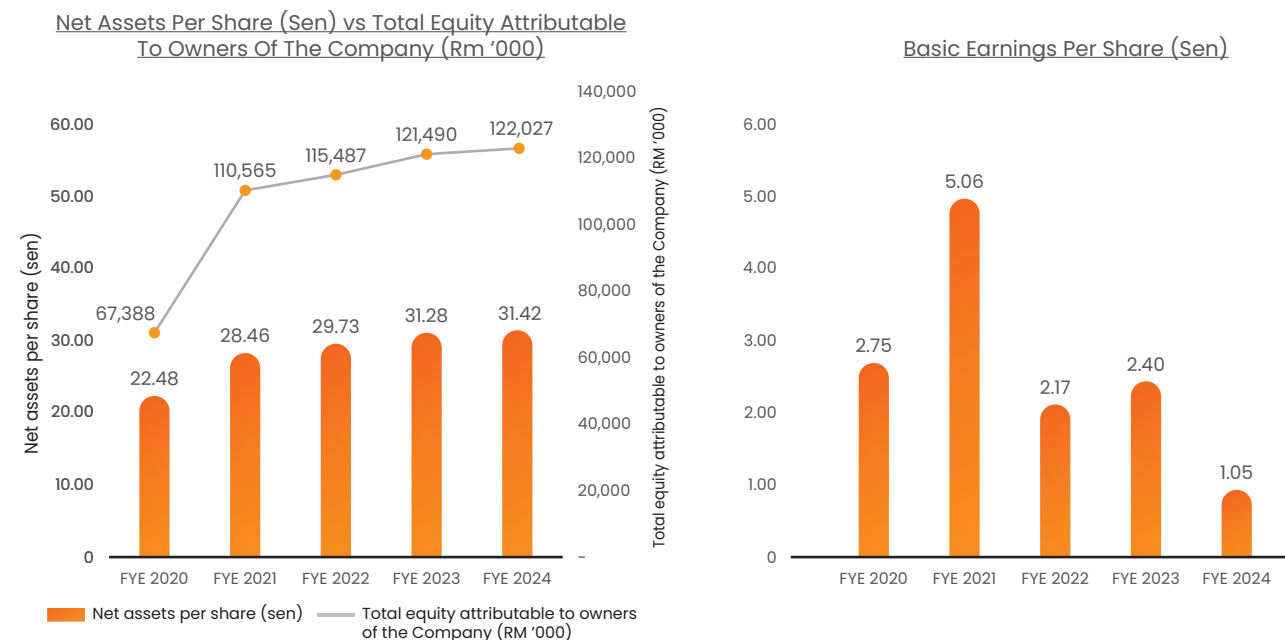
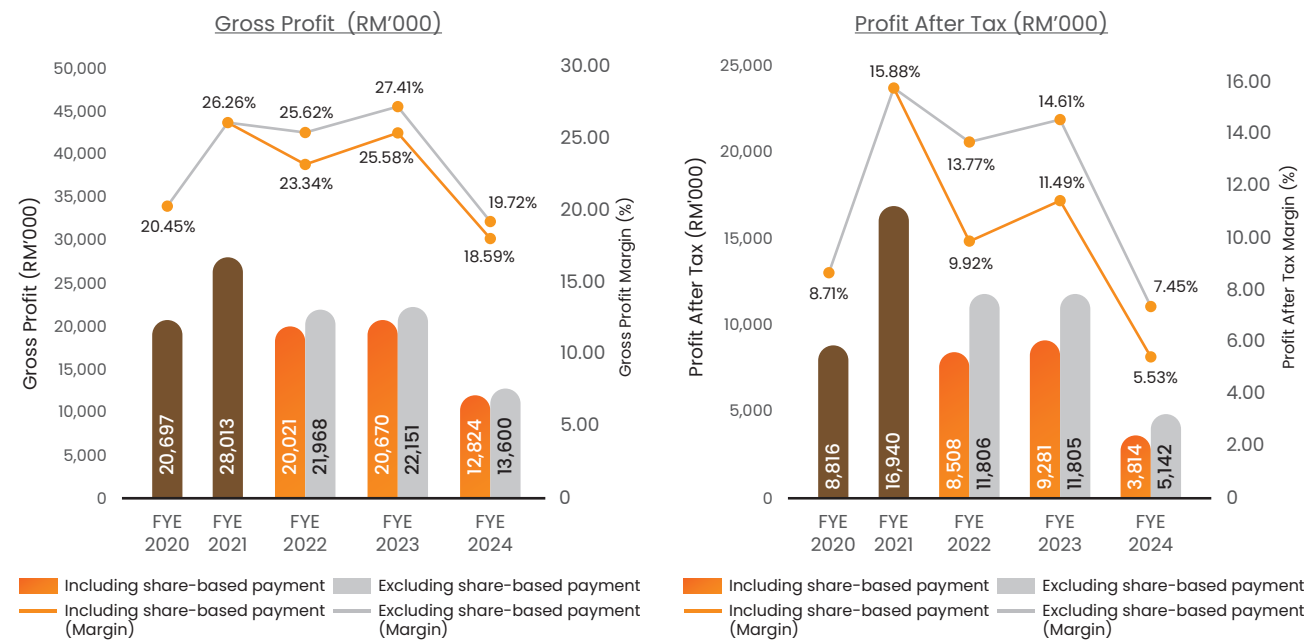
In FYE 2024, our Group's export sales, comprise 13.84% of total revenue, down from 17.47% in FYE 2023. Export sales was affected by escalation of geopolitical tensions and higher sea freight charges. Nonetheless, substantial portion of approximately 68.56% of export sales were made to Thailand, followed by 26.35% were to USA. Export sales to Mexico and Philippines decreased as our clients opted to source their products locally to support the domestic market in their country.

Our Group recorded a profit after tax for the year of RM3.81 million a drop of RM5.47 million or 58.91% lower than FYE 2023. The lower profit after tax in FYE 2024 was mainly due the lower sales and higher production costs attributable to the manufacturing cost of the newly commissioned paper pulp moulded packaging segment. This impact also similarly resulted in the lower gross profit margin.

Set out below is our Group's Profitability Trend from FYE 2020 to FYE 2024:

FYE 31 May	2020	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Gross profit	20,697	28,013	20,021	20,670	12,824
Gross profit margin: Including the effect of share-based payment	20.45%	26.26%	23.34%	25.58%	18.59%
Excluding the effect of share-based payment	20.45%	26.26%	25.62%	27.41%	19.72%
Profit before tax	12,433	18,973	11,514	12,850	5,101
Profit and total comprehensive income for the financial year	8,816	16,940	8,508	9,281	3,814
Profit after tax margin: Including the effect of share-based payment	8.71%	15.88%	9.92%	11.49%	5.53%
Excluding the effect of share-based payment	8.71%	15.88%	13.77%	14.61%	7.45%

Management Discussion And Analysis



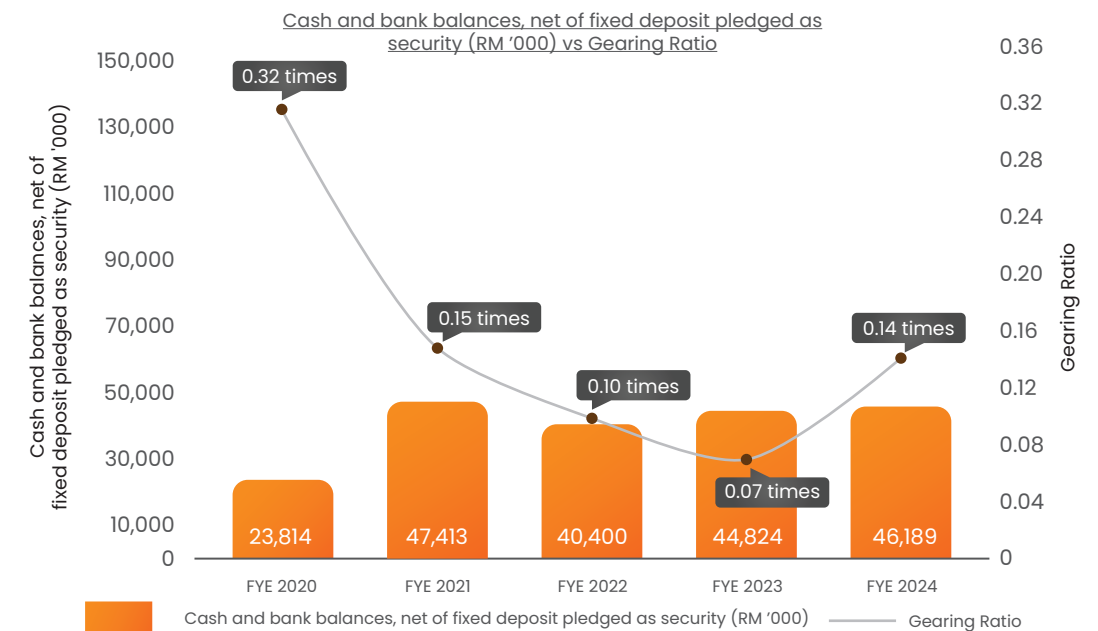
II. Financial Position

Our Group's total assets stood at approximately RM158.82 million as at 31 May 2024. Liquidity position remained strong with RM46.19 million cash and bank balances, net of fixed deposit pledged as security at FYE 2024.

Total liabilities was at RM35.25 million, increased by RM10.37 million or approximately 41.68%, mainly due to drawdown from bank borrowings which was to fund the acquisition and construction of property, plant, and equipment. This was in support of the strategic initiative build the new production lines in paper pulp moulded packaging and to alleviate congestion at existing factory site. As a result, our gearing ratio increased to 14% compared 7% in FYE 2023.

The total equity attributable to owners of the company was RM122.03 million, resulting in a net asset value per share of 31.42 sen, up from 31.28 sen in FYE 2023.

Management Discussion And Analysis



III. Capital Expenditure

During FYE 2024, we incurred the following capital expenditure for the new paper pulp moulded packaging production lines, additional factory, warehousing and foreign workers' hostel:

- acquired a dry hot press paper pulp moulded packaging machine, a wet hot press paper pulp moulded packaging machine and a 3D printing machine;
- completed construction of a 4-storey factory, warehouse, and foreign workers' hostel on two (2) pieces of industrial lands located in Taman Teknologi Cheng, Melaka. The Certificate of Fitness was obtained on 30 March 2024. The construction is funded through a combination of internally generated funds and bank borrowings; and
- Completed the acquisition of a leasehold land on 21 September 2023 at Taman Tasik Utama, Melaka, which included a double-storey office and a single-storey warehouse for a consideration of RM7.7 million funded through a combination of internally generated funds and bank borrowings. The single-storey warehouse was converted into paper pulp moulded packaging factory, and the upper level of the double storey office was upgraded to a hostel for foreign workers. We also commenced construction of a new factory at the same location. As of July 2024, approximately 97.82% of the construction has been completed. The construction is funded through internally generated funds, is expected to be finished in the second half of 2024.

03 ANTICIPATED OR KNOWN RISKS AND MITIGATING PLANS AND STRATEGIES

I. Regulatory Requirements

Our Group's business is governed by federal, state and local laws as well as rules and regulations established by Government bodies related to the printing and packaging industry, such as Ministry of Investment, Trade and Industry and Ministry of Home Affairs as well as Ministry of Natural Resources and Environmental.

To-date, our Group has successfully renewed all necessary approvals, licenses, permits and certificates essential to our operations. The renewal of these approvals, licenses, permits and certificates depends on our compliance with the relevant regulations and conditions imposed, which are often subject to review, inspection, and assessment as well as evolving practices and requirements by relevant authorities.

Management Discussion And Analysis

II. Price Fluctuations Of Raw Material

The price of the paper has tremendous impact on our production, as it is our primary raw material. Fluctuation of paper commodity price, and other factors beyond our control such as natural disasters, Government regulations, general economic conditions and rising labour cost will definitely affect our group profitability. 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, optimise production to enhance efficiency, and minimise production wastage. Besides, we maintain strong relationship with our suppliers through regular communication on market developments and trends to anticipate and manage the volatility and shortages.

Whilst 94% of our suppliers are local suppliers, our Group is also sourcing from overseas suppliers to diversify the sources of supplies, secure competitive pricing in order to fulfil our customers' orders. Our Group may pass on the increase in the cost of paper to our customers if the increase in price is substantial. However, there is no certainty that we will be able to fully transfer the costs, and our Group's financial performance may be affected, if we are unable to do so.

The recovered paper is a crucial raw material for our paper pulp moulded packaging segment. Our group has work closely with the current recovered paper agent to ensure constant supplies. We have also started to recycle suitable recovered paper internally for paper pulp segment production usage.

The optimum level of paper inventories will be cautiously maintained in order to enable the Group to anticipate and manage any unforeseen shortages or volatility.

III. Ability To Maintain Quality And Exceed Customers' Expectations

By consistently delivering superior packaging solutions, high-quality products, and reliable service, we have established strong, long-term relationships with our customers while also attracting new ones. We constantly meet their needs by narrowing expectation gaps and keeping abreast of the latest innovation, trend and requirements in the packaging industry. Our commitment to deliver completed products on schedule ensures a secure supply for our customers. Any failure to uphold these standards may result in loss of customers and adversely affect our profitability.

Our Group adheres to the ISO 12647-2 standard for quality control in the printing industry,

demonstrating our commitment to international colour management standardization. We have earned recognitions through Graphic Measures International ("GMI"), G7 Master Colorspace Qualification and Fogra 51L certifications. These accolades serve as a testament to our ability to deliver the precise output quality our customers expect and underscore our commitment to rigorous quality assurance and management.

IV. Human Capital

Our Group values our workforce as our most important assets. As such, we prioritise the safety of our employees by implementing stringent safety guidelines to ensure a secure working environment. During FYE 2024, the Group conducted a SMETA audit, designed to safeguard workers from unsafe conditions, overwork, discrimination, and forced labour. Similarly, our Group strongly oppose forced labour, human trafficking and any form of child labour in our business operations. We adhere to labour standard and human rights guidelines and legislation align with international labour standard.

Our operations rely on a stable workforce, involving both domestic and foreign workers, especially in operating printing machines, post-press machines and paper pulp moulded packaging machines as well as performing general tasks in our factories.

To prevent potential labour shortage, our Group collaborate with vocational colleges for internship programmes in regular basis. Besides, our Group continues to participate in job fairs organised by the Ministry of Human Resources Malaysia to recruit local talent for our operations. Our Group identifies fresh talent and trustworthy employees through these programs, and provides subsequent on-job trainings, then offering opportunities to transition them into full-time employees with attractive remuneration packages.

On the same note, foreign workers in our Group receive same privileges as local employees, including rest days, public holidays, salary scales and other entitlements. They are also provided with dormitories that comply with the Employee Minimum Standard of Housing, Accommodations and Amenities Act 1990 ("EMSHAA 1990").

Delivering best in class packaging solutions and services to customer depends on a talented and motivated team. This involves grooming in-house talent through on-the-job coaching and conducting structured courses for complex machine technology and software applications.

In order to retain talent and avoid attrition of key technical staff, our Group spent considerable investments in employees' professional development as well as putting in place succession plans. Our Group formulates attractive compensation and benefit packages which include Employee Shares and Options Scheme ("ESOS"). In summary, by engaging

and maintaining a competent workforce, our Group is capable in ensuring optimal productivity with minimal wastage while providing excellent quality of products and services.

V. Dependency On Selected Consumer E&E Industry Customers

The Bank Negara Malaysia quarterly report stated that the manufacturing sector remained soft in 2023 due to continued weakness in the consumer E&E sectors due to global tech downcycle. Nonetheless, a turnaround is anticipated in 2024. Whilst our group is expanding our customer base in existing consumer E&E industry to mitigate the high dependency in this industry, we have further diversified our existing market segment into other industries such as non-electrical household products. In addition, we are broadening our product range to include paper pulp moulded products for sustainable packaging demands.

During FYE 2024, our Group reduced our revenue proportion from the consumer E&E industry to 50.82% in comparison to 54.63% in FYE 2023 and 63.61% in FYE 2022. Consumer E&E, sheath contraceptive and food & beverage industries make up 90% and 95% of the Group's total revenue in FYE 2024 and FYE 2023 respectively. Pharmaceutical, other consumer products and the new segment of non-electrical household products make up the rest of the total revenue.

Our Group's objective is to provide comprehensive one-stop solutions including pre-press, press and post-press services, product reengineering and tailored services to both existing and new customers. We continuously seek diverse opportunities in our production with the existing production lines to generate more revenue to meet our customers' demands, and offer cost-effective and environmentally friendly products.

VI. Foreign Currency Risk

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

- export sales of paper-based products which are mainly transacted 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 employs natural hedging practices, as our sales and purchase are denominated in foreign currencies. Currently, we do not practise 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 minimise risk. We will take proactive steps to reduce foreign exchange risk exposure in our

Management Discussion And Analysis

procurement and purchasing arrangements with both local and foreign suppliers, when necessary.

VII. Our Group's Future Plans And Growth

Bank Negara Malaysia forecasted the growth of the Malaysian economy to be 4.3% in 2024 driven by resilient private consumption and investment, a recovery in the external demand for E&E products, and a rebound in public spending. Export recovery is expected to gain momentum, supported by the global tech upcycle and continued strength in non-electrical and electronics goods. However, further escalation of geopolitical tensions, higher-than-expected inflation, and a sharp tightening in financial market conditions may pose risk of economic downsizing.

Consumer E&E industry remains a key growth industry segment in our Group, whilst we also grow our customer base in the other industry segments, including the new non-electrical household segment. To achieve this, we will continue to expand our sales coverage in both the local and overseas markets. Our new Sales Team in Penang will enable us to expand our business efforts in Northern Peninsular Malaysia. We will also continue to actively pursue business opportunities within the ASEAN region and beyond. In early 2024, we participated in international exhibitions in Hong Kong, followed by another exhibition in Australia in September 2024. We will follow through on the sales inquiries that have arisen therefrom.

As global demand for green or sustainable packaging is on the rise, we see good potential sales growth in the paper pulp moulded packaging products.

Our efforts in FYE 2024, in consolidating and strengthening our customer service level commitment and offerings, and to further improve on our production capabilities, augurs well for the anticipated sales growth in the new financial year. Barring unforeseen circumstances, we remain positive in our outlook in delivering better financial results in FYE 2025.

Sustainability Statement

01 INTRODUCTION

I. Sustainability Reporting

Our Group is dedicated to create long-term value and ensuring sustainability for our stakeholders. To achieve this, our Group has integrated sustainability-focused practices across all areas of our business operation.

HPP Holdings is proud to present our Sustainability Statement (“**Sustainability Statement**”), which outlines our Group’s Environmental, Social, and Governance (“**ESG**”) performance. 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 highlights HPP Holdings’ approach to sustainable development, the 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 2022 to 31 May 2024, 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.

Sustainability Statement

V. Governance Structure

Our 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:



02 MATERIALITY ASSESSMENT PROCESS

I. Objectives

The objective of the materiality assessment is to help HPP Holdings better identify material sustainability matters, improve our Group’s strategic planning, implementation, and decision-making. This also enables our stakeholders to make more informed decisions.

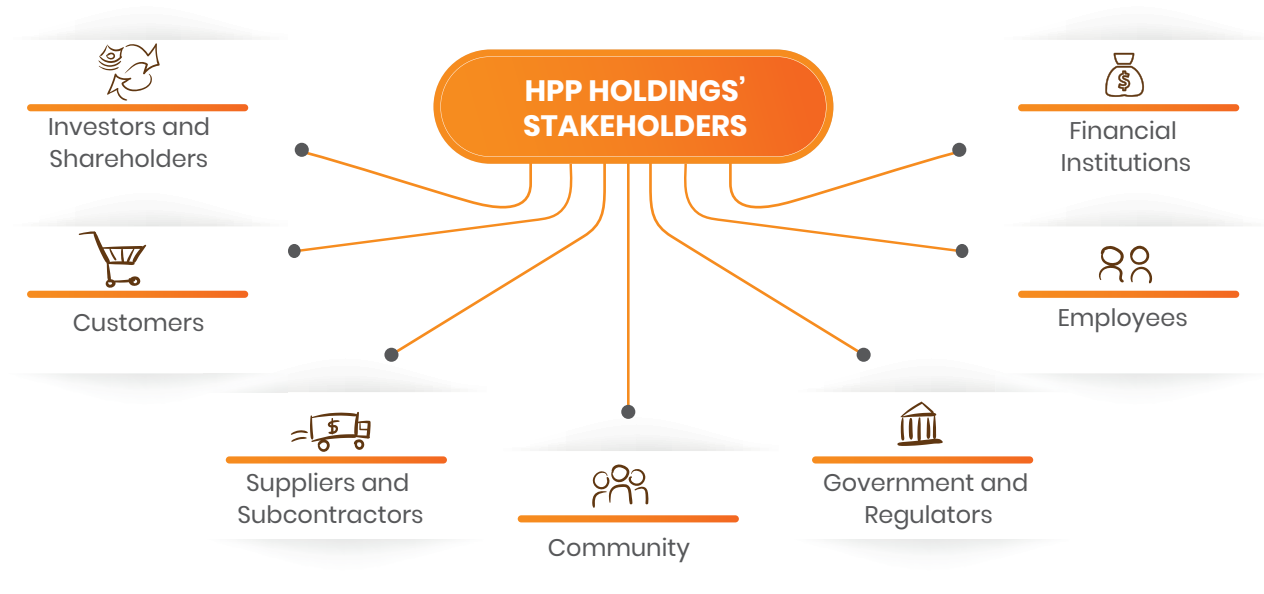
Our Board has decided to narrow the scope of the materiality assessment and related sustainability disclosures to focus solely on the active companies within our Group. This scope, in terms of operations, is limited to the printing and production of paper-based packaging, including corrugated, non-corrugated and paper pulp moulded packaging as well as other printed products such as brochures, leaflets, labels, paper bags, and the trading and production of rigid boxes.

Sustainability Statement

II. Stakeholder Engagement

HPP Holdings' stakeholders are individuals and groups affected by our Group's business decisions and activities, as well as those whose actions and decisions impact our Group's business growth. HPP Holdings maintains ongoing engagement with its stakeholders, which enables our Group to identify and align the stakeholders' key priorities and concerns within our Group's business practices, integrates them into our Group's business practices and strategies to effectively address 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:



Investors and Shareholders		
Engagement Focus & Objectives	Engagement Approach	Initiative
- Business performances and directions - Prospects and strategies - Return on investment - Business continuity and risks - Shares liquidity	- Quarterly reporting and regular audit - Financial performance results - Quarterly reports - Annual reports - Annual General Meeting	Diversity of board members with different, backgrounds, experiences, and perspectives
Customers		
Engagement Focus & Objectives	Engagement Approach	Initiative
- Product quality - Lead time - Product prices and value of products - Rate of return and defects - Procurement strategies	- Quality management system - Competitive pricing - Continuous engagement with customers to improve product quality	- 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

Sustainability Statement

Suppliers / Subcontractors		
Engagement Focus & Objectives	Engagement Approach	Initiative
- Product specifications, delivery requirements, payment terms and quality standards - Business conduct, ethics and integrity - Opportunity to supply and conduct of business	- Regular communication on requirements - Product improvement - Feedback on products and services	- Provide business support - Provide accurate forecast and lead time given - Source for a backup subcontractor / supplier
Community		
Engagement Focus & Objectives	Engagement Approach	Initiative
- Financial support and aid - Social responsibility - Environmental awareness and education - Livelihood support - Equal opportunity - Employment opportunity	- Corporate Social Responsibility ("CSR") events and programmes - Job opening	- Engage local suppliers and workers - Employment opportunities
Government and Regulators		
Engagement Focus & Objectives	Engagement Approach	Initiative
- Regulation, governance and legal requirements and standards - Timely adherence - Transparency and prompt disclosures	- Reporting and communications - Timely renewal and compliance - Monitoring of compliance status (e.g. legal checklist)	- Monitor relevant approvals / permits expiry and prompt renewal - Appoint a competent person to be in charge of applicable regulations
Employees		
Engagement Focus & Objectives	Engagement Approach	Initiative
- Career and personal development - Reasonable remuneration, welfare and benefits - Employment diversity and equal opportunity - Working environment - Occupational safety and health - Job performance evaluation / assessment - Ethics and integrity - Work-life balance	- Internal and external training - Staff welfare - Corporate activities and events - Performance management system - Whistleblowing channel	- 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

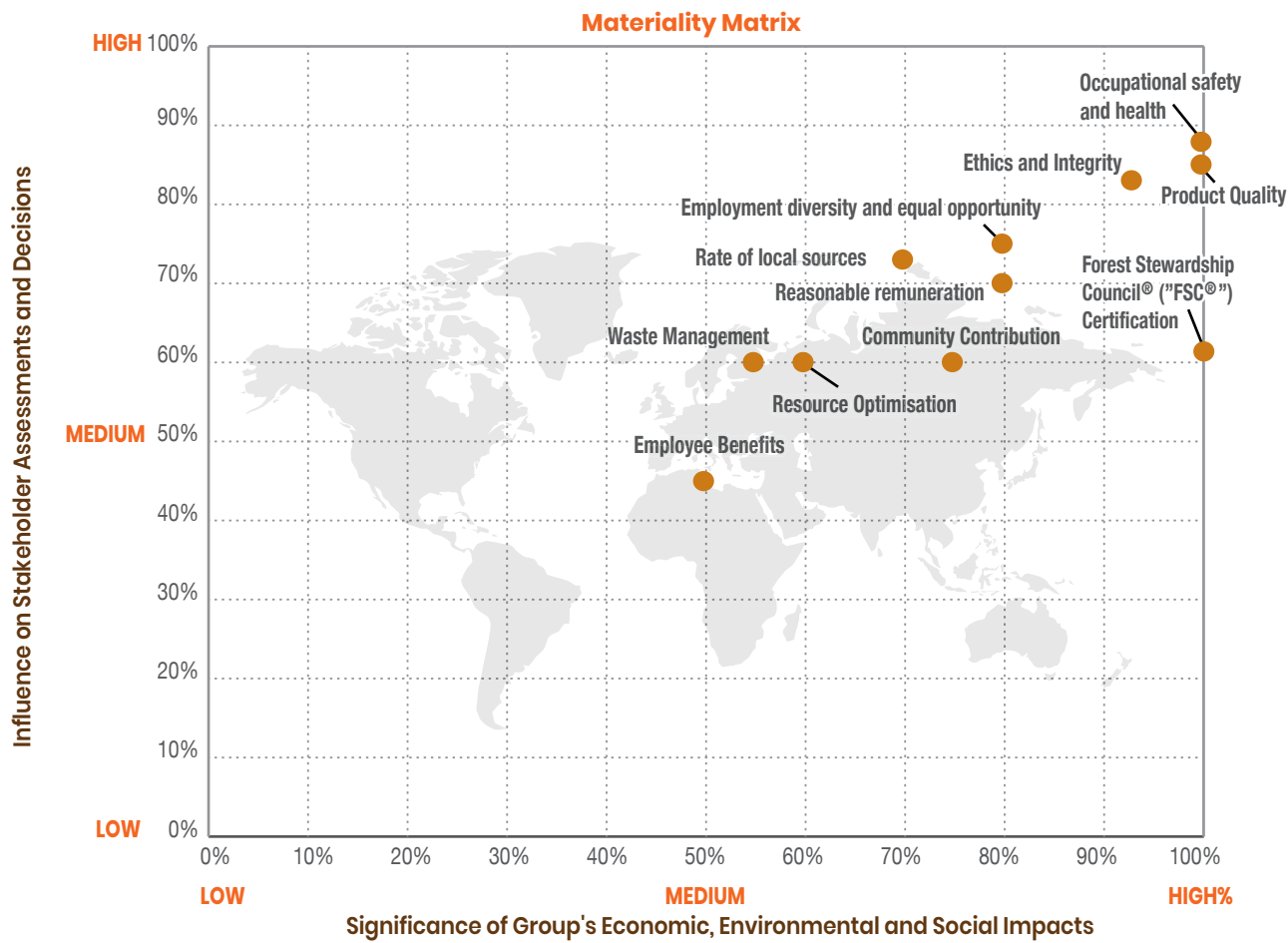
Financial Institutions		
Engagement Focus & Objectives	Engagement Approach	Initiative
- Loans and financing business expansion - Enhance working capital	- Loan covenant - Compliance reporting - Loan repayment	- Report relevant ESG performance in our annual report - Provide financial performance and corporate development in timely manner

Taking into account concerns and 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:



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

03 SUSTAINABILITY ACTIVITIES

I. Economic

(A) Product Quality

Our Group specialises in the printing and production of paper-based packaging, comprising corrugated, non-corrugated and paper pulp moulded packaging, as well as other printed products 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 ensure compliance with quality standards, we have developed and implemented rigorous quality control (“QC”) procedures and standard operating procedures for our production team and conduct QC checks on a sampling basis at every critical stage of 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:

Hayan Prints

Department	FYE 31 May 2022	FYE 31 May 2023	FYE 31 May 2024
Printing	0.03%	0.03%	0.17%
Lamination	0.08%	0.03%	0.00%
Die Cut	0.09%	0.03%	0.02%
Gluing	0.00%	0.01%	0.01%
Subcontractor Varnish	0.18%	0.21%	0.01%
Paper / Single Face	0.34%	0.12%	0.04%
Average	0.12%	0.07%	0.04%
Paper Pulp	-	-	2.16%*

*All the rejected quantities were repurposed as raw material in the forming stage of the paper pulp moulded packaging production process. Therefore, the rejected paper pulp has zero negative impact to environment.

Envy Premium

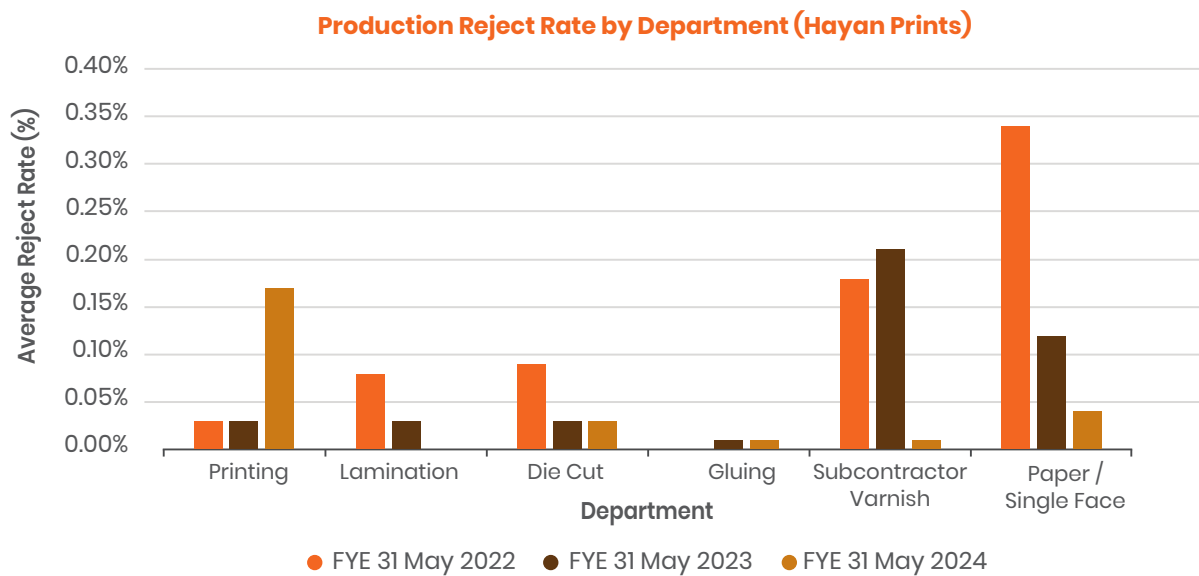
Department	FYE 31 May 2022	FYE 31 May 2023	FYE 31 May 2024
Production	1.13%	4.03%	7.48%

Hayan Prints’ production volume and number of production processes are relatively higher as compared to Envy Premium. The average rejection rates for printing at Hayan Prints was notably higher than other production activities at 0.17%. The increased in average rejection rates is mainly contributed by a few factors, consist of initial learning stage of our newly implemented ink kitchen, newly launched operator training program and more stringent customer requirements. Our Group believes that the new training program will upscale the skills of our operators while progressively lower the number of rejects in the long run.

Sustainability Statement

Our new paper pulp moulded packaging production line recorded a reject rate of 2.16% with all the rejected quantities being reutilised as raw material back in the forming stage of production process. Hence, the reject rate of paper pulp moulded packaging is not included in the Production Reject Rate by Department (Hayan Prints) Chart. Meanwhile, Envy Premium’s average rejection rate increased to approximately 7.48% for its products. The increase in rejection rate in Envy Premium was primarily attributed by higher number of sample preparation while having lesser number of sales orders.

To address the quality control at 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 overall quality control process in Envy Premium. To further streamline and improve the operational efficiency in Envy Premium, our management has also taken steps to revamp few areas, which include production planning and control, storage upgrades and human resource management.

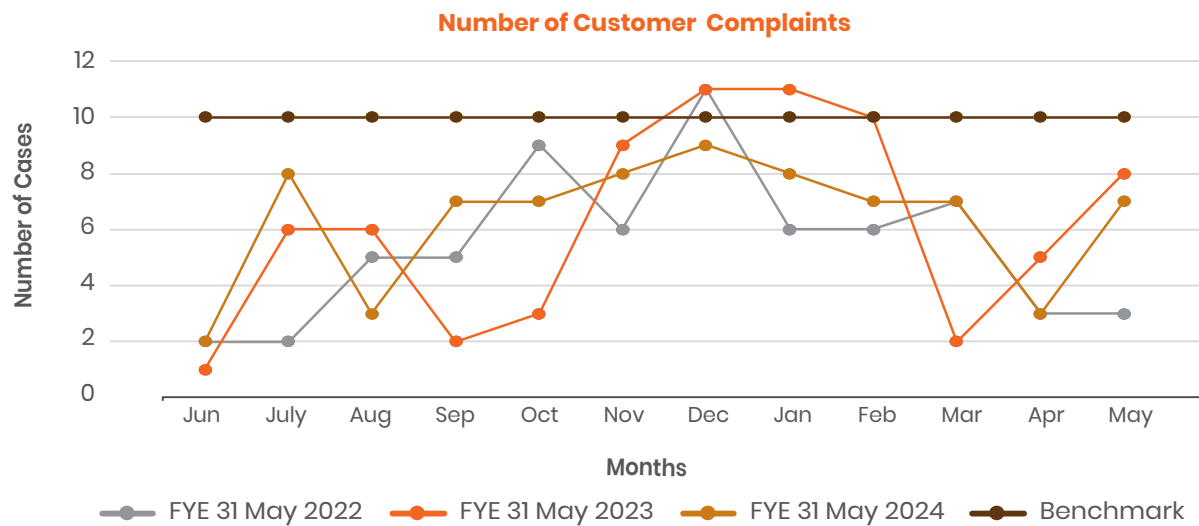


Source: Hayan Prints’ Production Rejection Rate from FYE 31 May 2022 to FYE 31 May 2024.

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 2022 to FYE 31 May 2024.

Sustainability Statement

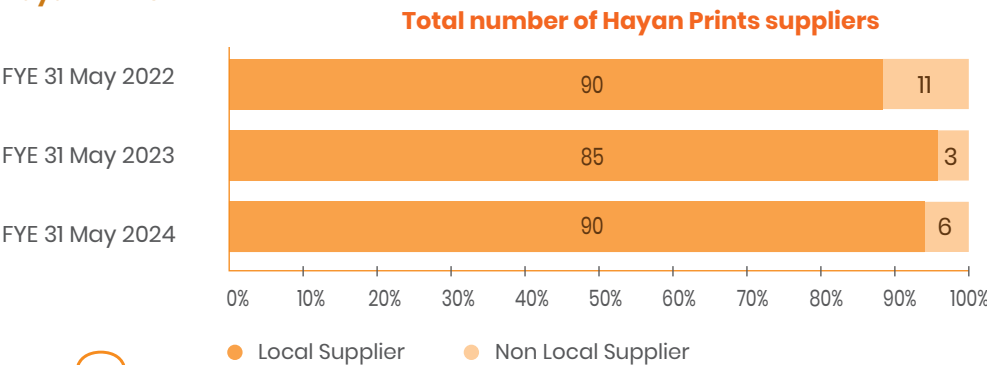
Our Group has set a benchmark to reduce monthly customer complaints to fewer than 10 cases. During FYE 31 May 2024, the number of monthly customer complaints consistently remained below this threshold, averaging 6 cases per month similar to average number of customer complaints in FYE 31 May 2023. Total customer complaints for FYE 31 May 2024 reached 76 cases (FYE 31 May 2023: 74 cases), showing a slight increase in comparison to FYE 31 May 2023. In conjunction with the expansion of oversea sales and distribution to the Northern region of Peninsular Malaysia, our finished goods were exposed to higher risk of damage with longer transportation period and third party handling that resulted in more customer complaints. Our Group has implemented several measures to address the rise of customer complaints. First and foremost, we are putting more emphasis on suitable packaging methods to mitigate the logistical risks. Long haul trucking tests on product shipment have been advised and carried out to further validate our packaging performance. Moreover, our Group has also conducted periodic training and monitoring of in-house transporters performance to assure quality of goods delivered. To further overcome unforeseen logistical challenges and safeguard our interests, we are working with an external logistic partner who has experience in multimodal (land, sea, air and warehousing) solutions.

(B) Rate of Local Sources

Procurement

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

Hayan Prints





Local Supplier

Non Local Supplier

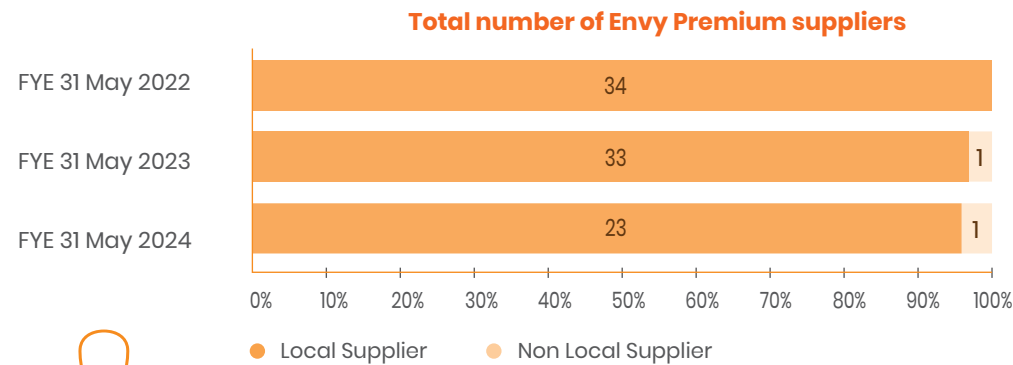
	FYE 31 May 2022		FYE 31 May 2023		FYE 31 May 2024	
Suppliers	Number	Amount (RM'000)	Number	Amount (RM'000)	Number	Amount (RM'000)
Local	90	40,778	85	33,991	90	30,604
Non-Local	11	1,910	3	1,692	6	258
Total	101	42,688	88	35,683	96	30,862
Percentage (Local / Total)	89%	96%	97%	95%	94%	99%

Source: Supplier Listing as at 31 May 2022, 31 May 2023 and 31 May 2024.

As at 31 May 2024, Hayan Prints had 90 registered local suppliers, an increase from 85 in FYE 31 May 2023. Despite the rise in total number of local suppliers, the percentage of local suppliers in relation to the total supplier pool decreased from 97% in FYE 31 May 2023 to 94% in FYE 31 May 2024. Nonetheless, our Group continues to demonstrate our support to local suppliers with 99% of our total purchase value still sourced locally, even with the expanded supplier base in FYE 31 May 2024 compared to FYE 31 May 2023.

Sustainability Statement

Envy Premium



	FYE 31 May 2022		FYE 31 May 2023		FYE 31 May 2024	
Suppliers	Number	Amount (RM'000)	Number	Amount (RM'000)	Number	Amount (RM'000)
Local	34	7,319	33	5,110	23	2,106
Non-Local	-	-	1	135	1	279
Total	34	7,319	34	5,245	24	2,385
Percentage (Local / Total)	100%	100%	97%	97%	96%	88%

Source: Supplier Listing as at 31 May 2022, 31 May 2023 and 31 May 2024.

As at 31 May 2024, Envy Premium had 23 registered local suppliers and 1 non-local supplier. The number of local suppliers has decreased from 33 in FYE 31 May 2023 to 23 in FYE 31 May 2024 with one non-local supplier was engaged. The only non-local supplier was engaged to diversify supply sources in order to have competitive prices. Nevertheless, Envy Premium continues to meet our Group's target of sourcing at least 90% of its supplies 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 through various platforms, including our Group's corporate website, training sessions and induction programmes. Up to 86% of our employees have completed the training as of to-date.

Employees are expected to act with professionalism and integrity, refraining from any corrupt or illegal activities. Any allegation or suspicion of corruption or illegality shall be treated with utmost seriousness, and every employee is to uphold the promulgated business ethics while fulfilling their duties and responsibilities.

In FYE 2024, there was no bribery and corruption case reported and our Group aims to maintain this record by fostering 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 & Ethics and Whistleblowing policies to our new suppliers, sales agents, customers, and all related stakeholders during FYE 31 May 2024.

II. Social

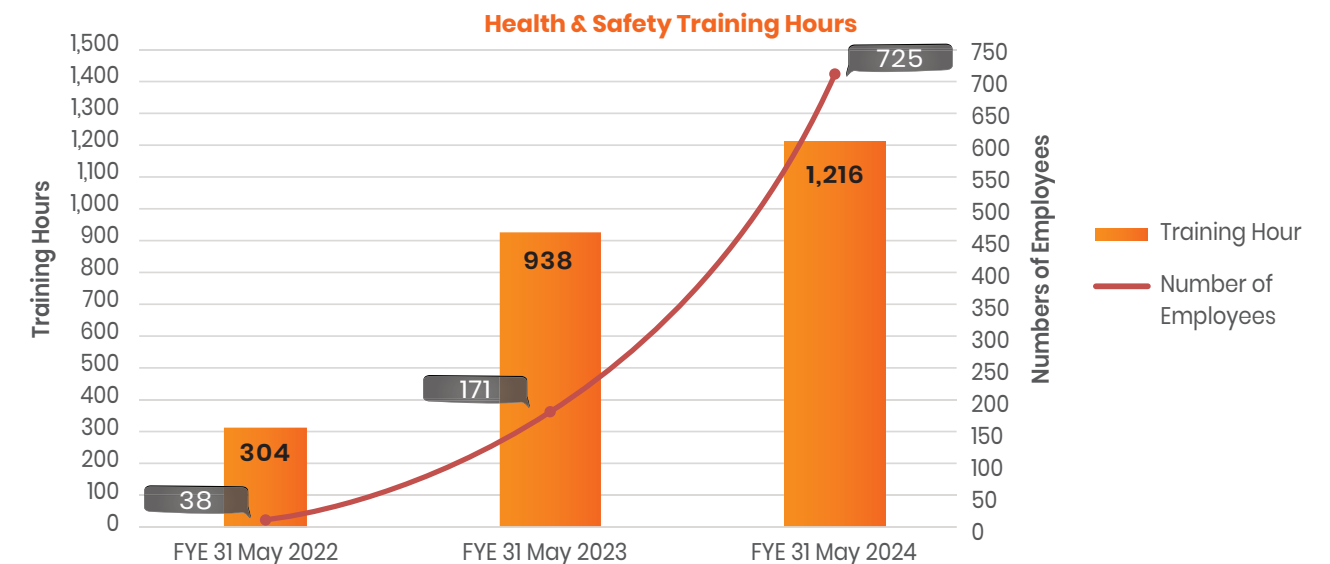
(A) Occupational Safety and Health ("OSH")

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.

Sustainability Statement

OSH Training

As at 31 May 2024, our Group provided 1,216 hours of OSH training to 725 employees.



Source: Training listing related to Health and Safety from FYE 31 May 2022 to FYE 31 May 2024

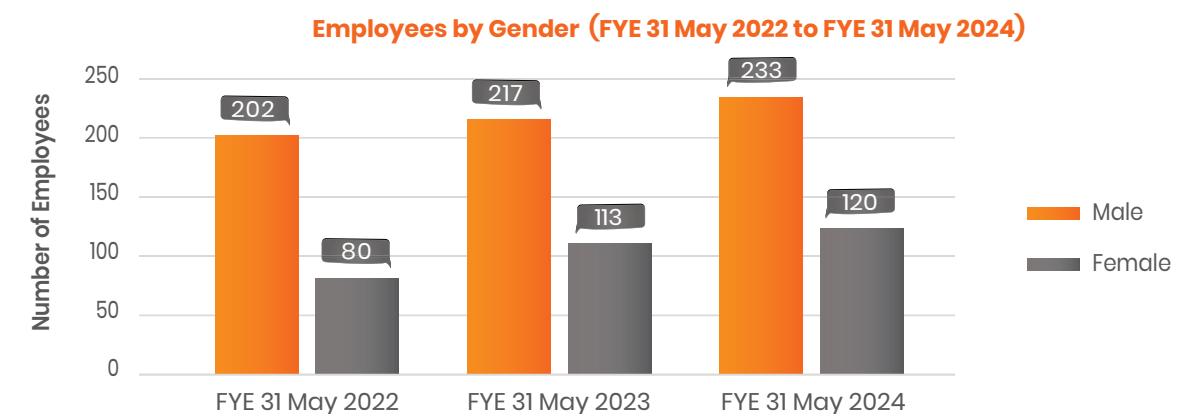
* Note : Number of participants is based on number of employees who attended each training. Employees may attend a few trainings over the financial year.

During FYE 31 May 2024, the number of employees who benefited from the training increased fourfold compared to the previous financial year. The training hours have also risen from 938 hours (FYE 31 May 2023) to 1,216 hours (FYE 31 May 2024). These training hours are the accumulation of both internal and external trainings conducted during FYE 2024.

Our Group remains dedicated in preventing accidents. However, there was one (1) accident reported during FYE 31 May 2024. Therefore, our Group will continue to improve the awareness of safety and health at the workplace and strengthen preventive measures by providing more OSH trainings. With the increased OSH training hours, our Group aims to achieve zero (0) number of accident in our working environment.

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 are responsible for overseeing the implementation of ERP. In addition, periodic Chemical Health Risk Assessment Report ("CHRA") and Noise Risk Assessment Report ("NRA") are conducted 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 the production department.

(B) Employment Diversity and Equal Opportunity



Sustainability Statement

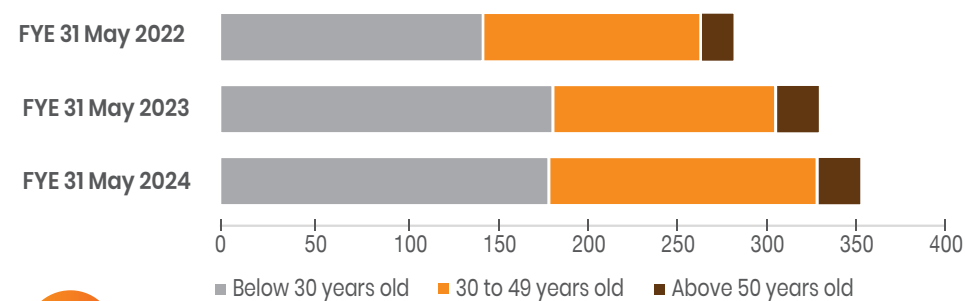


Number of Employee	Male	Female	Total
FYE 31 May 2022	202	80	282
FYE 31 May 2023	217	113	330
FYE 31 May 2024	233	120	353
Increase (YoY, numbers)	16	7	23
Increase (YoY, %)	7.37%	6.19%	6.97%

Source: Total number of employees for Hayan Prints and Envy Premium as at 31 May 2024.

As at 31 May 2024, our Group had a total of 353 employees, comprising 233 male and 120 female. The total number of employees has increased by 6.97% in FYE 31 May 2024 from the total of 330 employees in FYE 31 May 2023. The gender diversity ratio (Male:Female) remains at 66:34 in FYE 31 May 2024, consistent with the ratio in FYE 31 May 2023.

Employees by Age Group (FYE 31 May 2022 to FYE 31 May 2024)



Age Group	FYE 2022	FYE 2023	FYE 2024
50 and above	19	24	24
Between 30 to 49 years old	128	131	156
Below 30 years old	135	175	173
Total	282	330	353

Our Group continues to offer opportunities to younger employees despite a slight decrease of 2 employees under the age of 30, from 175 in FYE 31 May 2023 to 173 in FYE 31 May 2024. In FYE 2024, our Group successfully attracted and retained 156 employees aged 30 to 49 in comparison to 131 in this age group during FYE 31 May 2023. Meanwhile, 24 employees who are over 50 years of age remained in our Group's workforce throughout FYE 31 May 2024.

(C) Reasonable Remuneration

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

Our Group is determined 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	FYE 2022	FYE 2023	FYE 2024
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

Sustainability Statement

(D) Employee Benefit

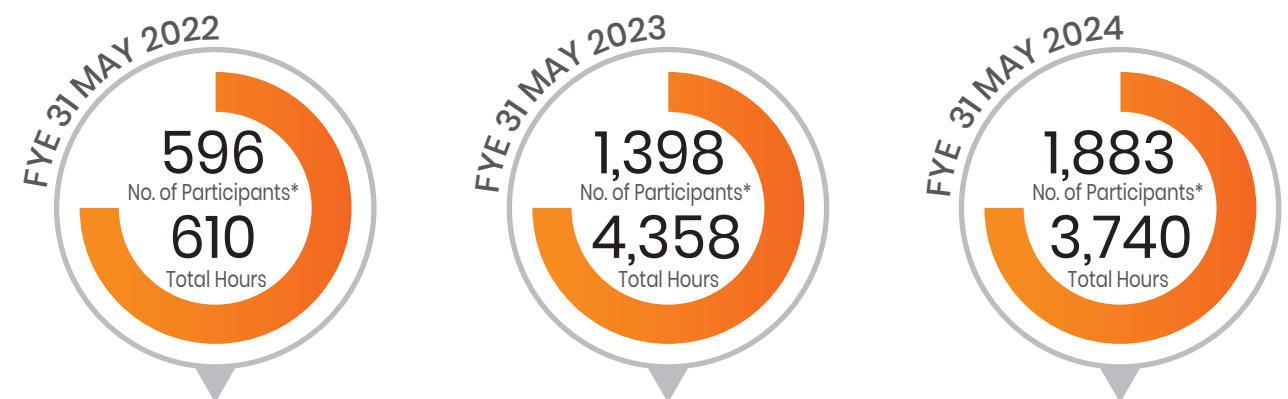
Training and Development

Our Group recognises that employees are our most important assets and that investing in human capital development is crucial our success. Thus, our Group provides both internal or external training to employees on a regular basis to enhance their skills and competencies.

Respective heads of department are responsible to identify the training needs of their subordinates throughout each financial year. All training recommendations are submitted to the Human Resource Department for review and compilation into a master training plan, which is then approved by Key Senior Management.

During FYE 31 May 2024, a total of 3,740 training hours were provided to 1,883 employees.

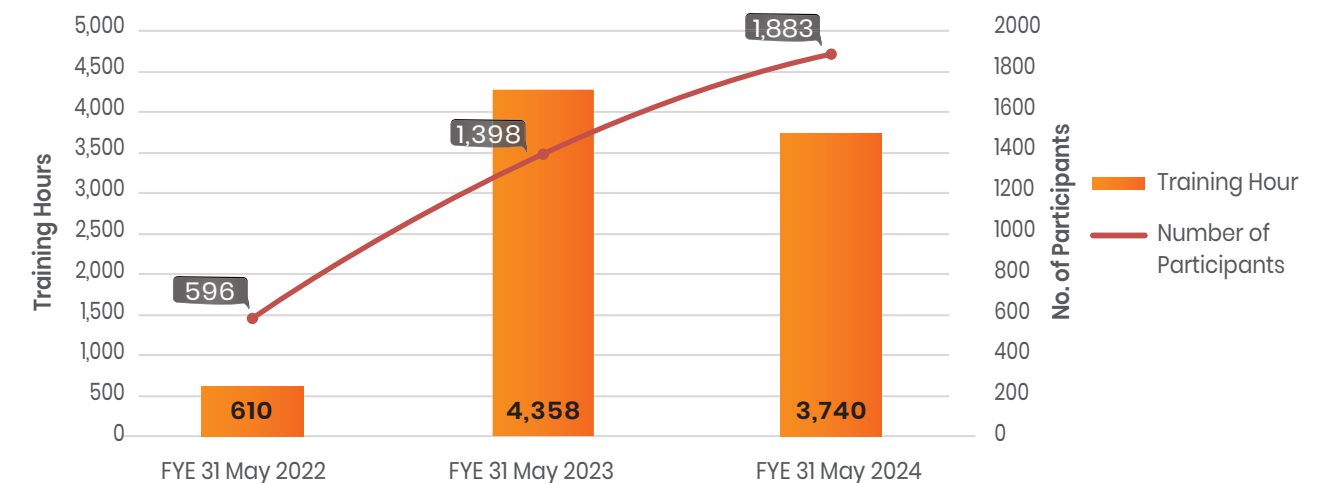
Total Training Hours



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

The total training hours decreased from 4,358 hours in FYE 31 May 2023 to 3,740 hours in FYE 31 May 2024 whereas the number of participants rose from 1,398 to 1,883. Our Group has placed great emphasis to boost the morale and career development with greater number of employees participating in both internal and external training sessions during FYE 31 May 2024 compared to previous financial years.

Total Training Hours



Sustainability Statement

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 also permitted for all employees within our Group for demise of immediate family members.

(E) Community Contribution

On 11th May 2024, our Group co-organised a blood donation event with KIPMall in Melaka to support the replenishment of the local blood bank and to raise public awareness.

The achievement of the blood donation event was as below:



Furthermore, our Group made a cash donation to a local orphanage, Lembaga Pengurusan Kebajikan Anak Yatim & Miskin. Sixteen (16) members of our Group volunteered to host activities, provide lunch and gifts to 53 residents in the abovementioned orphanage.

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



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.

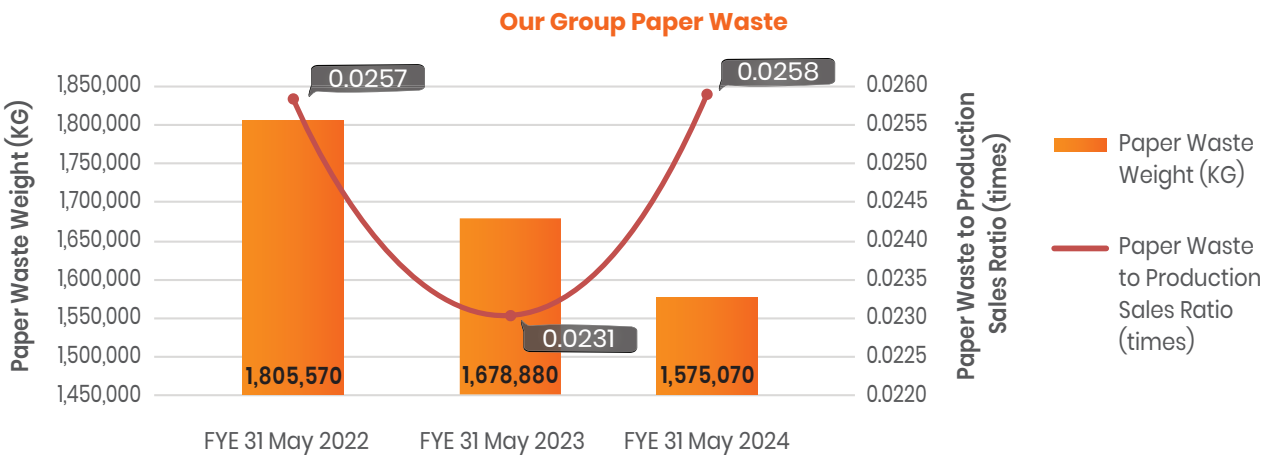
(A) Waste Management

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.

Sustainability Statement

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 2022	FYE 31 May 2023	FYE 31 May 2024
Paper Waste Weight (KG)	1,805,570	1,678,880	1,575,070
Production Sales* (RM)	70,154,705	72,561,471	61,041,940
Paper Waste to Production Sales Ratio (times)	0.0257	0.0231	0.0258

* Total Sales generated from manufacturing activities which exclude trading.

Paper waste decreased to 1,575,070KG in FYE 31 May 2024 from 1,678,880KG in FYE 31 May 2023 in tandem with our production sales. However, the paper waste to production sales ratio rose to 0.0258 times, signalling a slight decline in the efficiency of our productivity. Our Group will keep monitoring the paper waste generated by our production activities, working to increase the efficiency of raw material usage and enhance our paper waste management practices.

Scheduled Waste

Our Group’s 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 303	Adhesive or glue waste containing organic solvents excluding solid polymeric materials
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

As a good corporate citizen, we are committed to dedicating efforts to monitor the scheduled waste generated and in ensuring continuity in compliance with the Environmental Quality (Scheduled Wastes) Regulations 2005 that governs the handling, use, storage and disposal of scheduled waste.

Sustainability Statement

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

Total	SW 409	SW 410	SW 417	SW 303
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	-
FYE 31 May 2024				
Weight (KG)	3,275	5,441	65,122	18,739
Production Sales* (RM)	61,041,940			
Scheduled Waste to Production Sales Ratio (times)	0.00005	0.00009	0.00107	0.00031

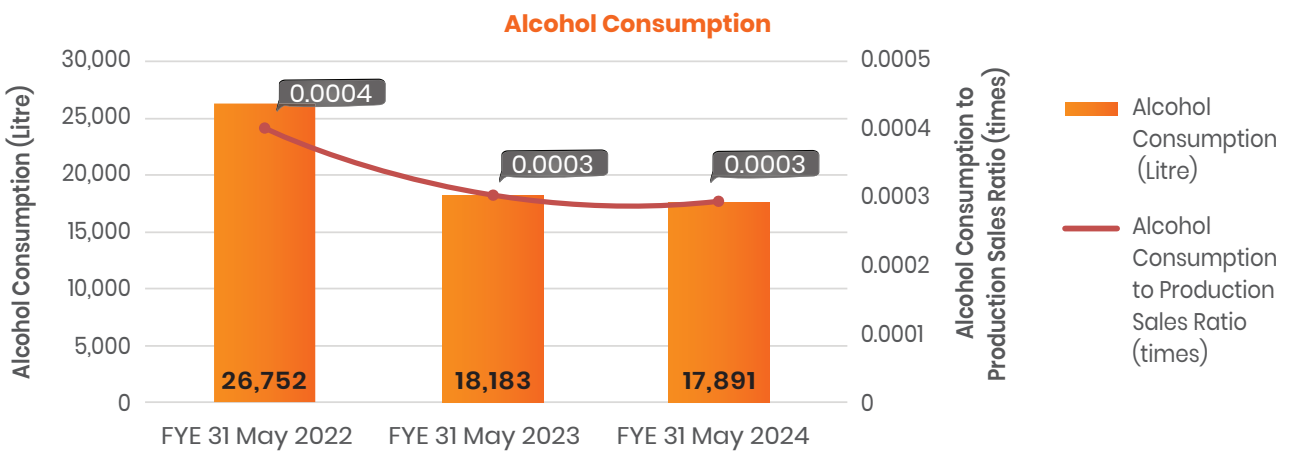
* Total Sales generated from manufacturing activities which exclude trading.

Despite the decline in our production sales, scheduled waste generation increased across the board for the fiscal year ending May 31, 2024. The most significant rise was observed in SW417, which grew from 47,085 kg in FYE 2023 to 65,122 kg in FYE 2024. This increase was driven by several factors, including higher daily waste generation for SW417 and SW409, resulting from improved housekeeping practices for the printing machinery. Additional waste was generated during the initial learning phase following the implementation of a new ink kitchen in FYE 2023, leading to a one-time disposal of expired printing inks and storage containers. Furthermore, the rise in SW410 in FYE 2024 was primarily due to the increased use of plastic packaging for storing ink mixtures prepared by the ink kitchen for immediate production use. The new category of SW 303 for FYE 2024, mainly due to a change in new supplier for our adhesive raw material to further enhance our product quality, which has a different waste acceptance criterion (“WAC”) and being categorised under SW303 as per Department Of Environment (“DOE”) guideline.

Moving forward, we expect scheduled waste to normalize over time with the improved housekeeping practices.

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 2022, FYE 31 May 2023 and FYE 31 May 2024 was as below:



Sustainability Statement



TOTAL	FYE 31 May 2022	FYE 31 May 2023	FYE 31 May 2024
Alcohol Consumption (Litre)	26,752	18,183	17,891
Production Sales* (RM)	70,154,705	72,561,471	61,041,940
Alcohol Consumption to Production Sales Ratio (times)	0.0004	0.0003	0.0003

* Total Sales generated from manufacturing operation which exclude trading.

Alcohol consumption was relatively consistent at the ratio of 0.0003 times in FYE 31 May 2024 compared to FYE 31 May 2023. Nonetheless, with the rising number of UV printing jobs that would increase alcohol consumption, our Group will continue to monitor closely on alcohol usage to optimise efficiency and sustainability.

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 2022, FYE 31 May 2023 and FYE 31 May 2024 was as below:



TOTAL	FYE 31 May 2022	FYE 31 May 2023	FYE 31 May 2024
Total Sales (RM)	85,762,950	80,803,519	68,931,663
Diesel (Litre)	153,058	131,715	144,098
Diesel (Litre) per Total Sales (RM)	0.0018	0.0016	0.0021

Diesel consumption rose from 131,715 litres in FYE 31 May 2023 to 144,098 litres in FYE 31 May 2024, representing an approximate 9% rise. Consequently, the diesel consumption rate per total sales grew from RM0.0016 in FYE 31 May 2023 to RM0.0021 in FYE 31 May 2024.

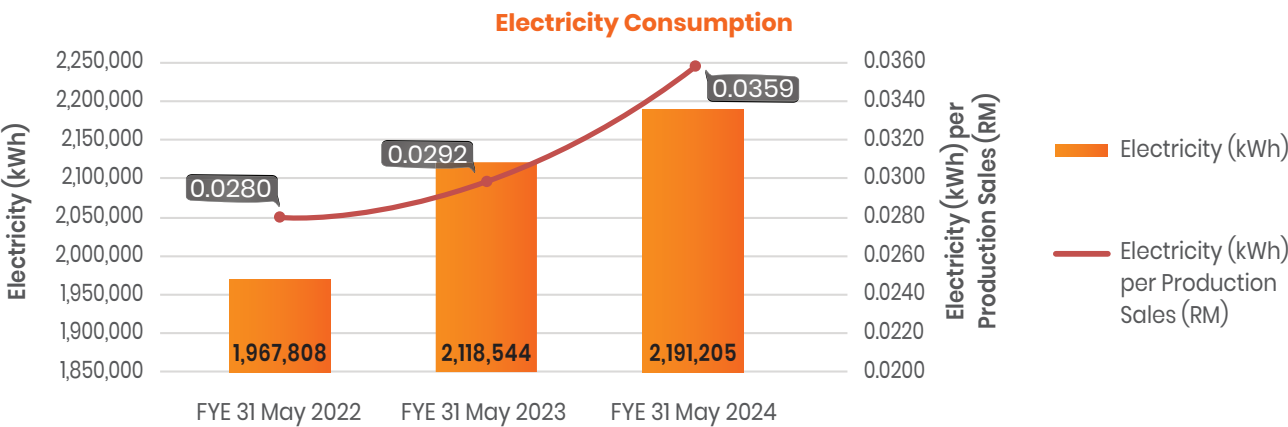
The rise in diesel consumption in FYE 31 May 2024, despite lower total sales compared to FYE 31 May 2023, was primarily due to longer distance to delivery location required to serve our new customers in the northern region of Peninsular Malaysia.

(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 attributable to the different production processes, capacity and volume.

Electricity Consumption

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



Sustainability Statement

 TOTAL	FYE 31 May 2022	FYE 31 May 2023	FYE 31 May 2024
Production Sales* (RM)	70,154,705	72,561,471	61,041,940
Electricity (kWh)	1,967,808	2,118,544	2,191,205
Electricity (kWh) per Production Sales (RM)	0.0280	0.0292	0.0359

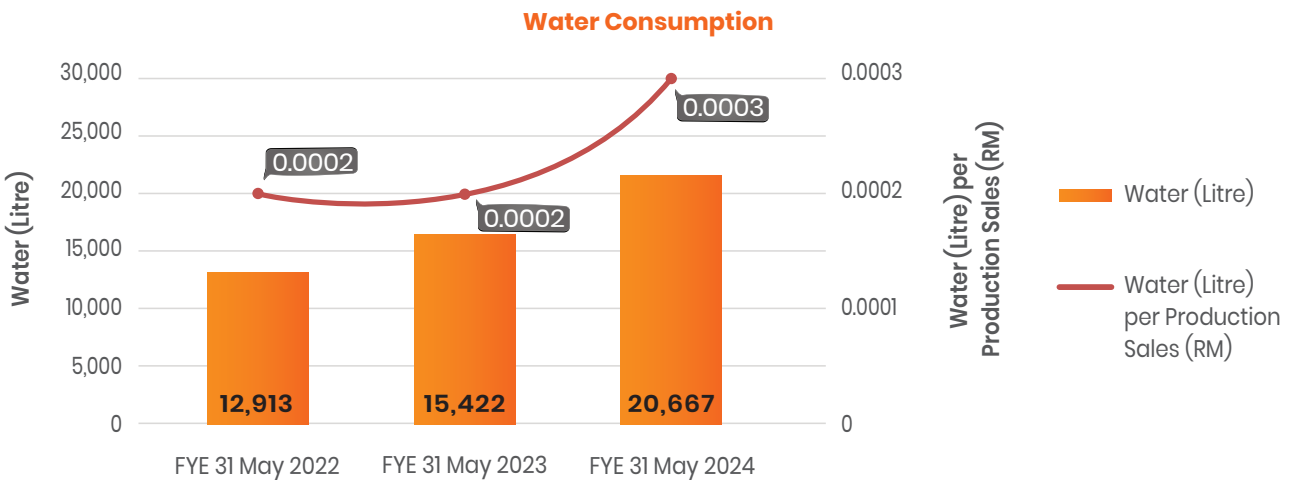
*Total Sales generated from manufacturing activities which exclude trading.

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 2024 grew to RM0.0359. The electricity consumption increased from 2,118,544 kWh in FYE 31 May 2023 to 2,191,205 kWh in FYE 31 May 2024. The rise of electricity consumption in FYE 31 May 2024 was mostly contributed by the launch of our new production line, paper pulp moulded packaging in November 2024 along with the addition of our new factory plant. To address this, our Group plans to implement a more effective marketing strategy aimed at boosting revenue, which will help to lower the electricity usage-to-production sales ratio. There is also a plan in place for solar panel installation in our new plants to minimise our carbon footprint.

Water Consumption

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



 TOTAL	FYE 31 May 2022	FYE 31 May 2023	FYE 31 May 2024
Production Sales* (RM)	70,154,705	72,561,471	61,041,940
Water (Litre)	12,913	15,422	20,667
Water (Litre) per Production Sales (RM)	0.0002	0.0002	0.0003

*Total Sales generated from manufacturing activities which exclude trading.

Combined water consumption across Hayan Prints and Envy Premium increased from 15,422 litres to 20,667 litres (increased by approximately 34%). The water consumption per production sales generated has slightly increase to RM0.0003 in FYE 31 May 2024 compared to RM0.0002 in FYE 31 May 2023. Similar to the electricity consumption, our water consumption has elevated largely driven by the addition of our new factory plant and our paper pulp moulded packaging production line.

Sustainability Statement

(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 2024, our Group had a total three (3) suppliers with FSC® certification registered under Hayan Prints and Envy Premium for the supply of paperboard, with four (4) 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:



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 strongly 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 dedicated to ensure high standards of corporate governance across 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 2024 (“**FYE 2024**”) 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 2024, 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

Board And Board Committee

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 internal controls and risk management systems, 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 corporate governance culture within our Group which reinforces ethical, prudent and professional behaviour.

Our Board is guided by the approved 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 regularly reviewed by the Board to ensure it complies with the legislations and best practices, and remains effective and relevant to the Board’s objectives. 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 Group’s affairs and authorise 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.

Corporate Governance Overview Statement

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 during each Board and Board Committees meetings and ensure 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 2024 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, Anti-Bribery And Anti-Corruption Policy, Whistleblowing Policy And Conflict Of Interest Policy

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.

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.

Our Board has also 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. All reports will be channelled directly to the ARMC Chairman via dtunril49@yahoo.com or Board Chairman via laukw@hppholdings.com.

During the financial year under review, the Group has established a Conflict of Interest Policy which outlines the disclosure obligations of each Director, Key Senior Management and Senior Management of the Group with respect to conflict of interest, and procedures to be followed when any actual or potential conflict of interest arise to ensure systematic identification, disclosure and management of conflict of interest in an effective and timely manner.

The Code of Conduct and Ethics, Anti-Bribery and Anti-Corruption Policy, Whistleblowing Policy and Conflict of Interest Policy are made available on our Group’s website.

Corporate Governance Overview Statement

Governance Of Sustainability

One of key responsibility of our Board, as outlined in the Board Charter, is to oversee and guide the sustainability management aspects of our Group. This includes reviewing and approving a strategic plan focused on long-term value creation, which encompasses economic, environmental, and social considerations. Our Board regularly assesses economic, environmental, and social issues to understand the sustainability challenges that could impact our Group's operations and to ensure our strategies effectively promote sustainability.

Our Board has made sustainability a core component of our Group's corporate culture and decision-making process, aiming for transparent and ethical business practices that respect the community, its employees, the environment, its shareholders, and other stakeholders. A detailed account of our Group's stakeholder groups, engagement practices, and sustainability targets can be found in the Sustainability Statement in this Annual Report.

II. Board Composition

Board Composition

Our Board currently consists of 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 mandate that at least two (2) directors or one-third of the Board, whichever is higher, must be independent.

Our Board believes that the diverse backgrounds and experiences of each board members provide a well-rounded balance of skills, qualifications, knowledge, and expertise, ensuring effective leadership and management of our Group.

The NC comprises exclusively of three (3) INEDs. The NC had met twice in FYE 2024 and their respective attendance records are tabulated as below:

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

The NC is responsible for identifying, evaluating, and recommending qualified candidates for Board membership, as well as assessing each Director's performance on an annual basis. The NC also reviews and recommends to our Board candidates for re-election of directors at the general meeting, taking into account each director's contributions, expertise, skills, knowledge, experience, and the roles they have played on various Board Committees.

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

- Deliberated on the succession planning for our Key Senior Management.
- Deliberated on the matters concerning key performance indicators for Key Senior Management and human resource within management team.
- 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.

Corporate Governance Overview Statement

- Reviewed the size and composition of the Board and proposed to appoint a female Independent Non-Executive Director with legal competence.
- Reviewed and recommended to our Board the re-election of Directors at the Fifth Annual General Meeting ("AGM") pursuant to the Companies Act 2016 and the Company's Constitution.
- Reviewed and recommended to the Board the revisions to Directors' Fit and Proper Policy and TOR of NC in alignment with the amendments to Listing Requirements in relation to the conflict of interest.

Appointment And Re-election Of Directors

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 Sixth AGM:-

- (1) Mr. Philip Goh Teck Siang; and
- (2) Madam Ng Soh Hoon.

The aforesaid Directors have expressed their intention to seek for re-election at the forthcoming Sixth AGM and their profiles are provided in the Annual Report to facilitate shareholders to make informed decision.

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, NC also took a step further 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 perform their duties and are 'fit and proper' in accordance with the Directors' Fit & Proper Policy.

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 INED. INEDs who are retained beyond nine (9) years must be re-assessed as our Board is required to provide justification and 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.

Boardroom Diversity

Our Board strives to maintain a balanced representation, considering the necessary mix of skills, age, gender, ethnicity, background, and experience amongst its directors, officers, and employees. While our Board currently has only one (1) female director, representing approximately 17% of the Board's composition, we recognise the importance of boardroom diversity and is aware of the MCCG 2021 recommendation to have 30% women directors. Our Board supports the initiative to increase female representation and has adopted a Board Diversity Policy. Therefore, suitably qualified female candidates will be considered for appointment when a vacancy arises or if the decision is made to expand our Board.

Board Effectiveness

Our Board recognises the importance of evaluating the effectiveness of individual directors, our Board as a whole, and its Board Committees. The NC assists our Board in conducting annual assessments, with the results and comments summarised and discussed at the NC meeting before being reported to our Board. Based on the annual assessment results for the FYE 2024, the NC is satisfied with the current composition of our Board, concluding that each director possesses the necessary competence to serve and has demonstrated sufficient commitment to our Group.

Corporate Governance Overview Statement

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 by the Directors are as follows:

- Board Committee Essentials
- Environmental, Social & Governance Essentials
- Mastering e-Invoicing implementation in Malaysia
- Tax Update Seminars
- Accounting Standards Updates
- Post Budget 2024 – Live webinar
- Share and Capital Maintenance with Illustration for Ordinary and Preference Shares
- Shared Responsibility in Strengthening Anti Money Laundering (“**AML**”) / Countering Financing of Terrorism (“**CFT**”) Compliance: Risks, Challenges and Collaborations
- Professional Ethics in Focus

III. Remuneration

Remuneration Committee (“RC”)

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 review, the RC had met once during FYE 2024 and their respective attendance records are tabulated below:

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

The RC is responsible for recommending and advising our Board on the remuneration packages of Executive Directors, Non-Executive Directors, and Key Senior Management in transparent and fair manner in accordance with the Remuneration Policy. Nevertheless, our Board reserves the ultimate rights in recommending the remuneration of Directors and approving the remuneration of Key Senior Management whenever needed. The fees and allowances for Executive and Non-Executive Directors are subject to the approval by shareholders at the AGM of the Company.

Details of the remuneration of Directors and top five (5) Senior Management for the FYE 2024 are disclosed in the Corporate Governance 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 is tasked with assisting and supporting our Board in fulfilling its statutory and fiduciary responsibilities related to areas such as financial reporting, risk management, internal controls, external and internal audit functions, review of related party transactions, governance, and other matters impacting our Group’s and Company’s businesses and financial conditions.

Corporate Governance Overview Statement

The ARMC is currently chaired by Mr Philip Goh Teck Seng, an INED, and is supported by two other INEDs, namely Mr Choo Chee Beng and Mr Lee Chong Leng. All ARMC members have direct and unrestricted access to Management, as well as to the external and internal audit functions, to effectively carry out their roles and responsibilities.

All ARMC members are financially literate and have sufficient understanding of the Group’s business. This enables them to continuously apply a critical probing view on the Group’s financial reporting process, transactions and other financial information, and effectively challenge management’s assertions on the Company’s financials.

The authority, duties, and responsibilities of the ARMC, along with a summary of its works for the FYE 2024, are detailed in the ARMC Report in this Annual Report.

External Auditors

The ARMC is also responsible for evaluating the capabilities and independence of the external auditors and recommending their appointment, re-appointment, or termination to our Board. To guide this process, Our Board has established an External Auditors Assessment Policy, which outlines the procedures for selecting, appointing, and assessing the performance and remuneration of external auditors.

The ARMC assesses the external auditors’ performance, suitability and effectiveness, including, 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. The external auditors are prohibited from offering any services that could impair their independence or conflict with their role. They have provided a written assurance to the ARMC confirming their independence throughout the audit engagement, in accordance with all relevant professional and regulatory requirements.

II. Risk Management and Internal Control Framework

Our Board is committed in operating a robust system of risk management and internal control, recognising that the system must continuously evolve to protect stakeholders’ interests and support our Group’s progressive business growth.

Our Board has delegated the overall responsibility for reviewing and monitoring the adequacy and effectiveness of the Group’s risk management and internal control systems to the ARMC. Currently, the ARMC engages an independent professional internal audit firm to periodically assess the adequacy and effectiveness of the internal controls and risk management system on a periodic basis.

Details of our Group’s risk management and internal control systems are provided 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 acknowledges the significance of corporate disclosure policies for ensuring that comprehensive, accurate, and timely information about our Group is communicated to both external and internal stakeholders. Accordingly, our Group has integrated the relevant procedures and guidelines into its Board Charter, specifically under *Section 12.0 (Financial Reporting)*, *Section 14.0 (Shareholders Relationship)*, and *Section 15.0 (Stakeholders Relationship)*.

In order to ensure transparent and effective communication with shareholders and timely disclosure of corporate announcements, our Group has established a dedicated section on its Group’s website for the disclosure of relevant corporate information such as announcements, financial details, annual reports, quarterly financial results, share prices, performance updates, and activities. The website serves as the primary communication channel for our Group, providing relevant information and contact details to address any queries from shareholders and other stakeholders.

In addition, shareholders, proxyholders, and investors can directly inquire about investor relations matters through a dedicated email address provided on the Group’s website.

Corporate Governance Overview Statement

II. Conduct of General Meetings

The Fifth AGM was physically held on 27 October 2023. 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 Fifth AGM. Moving forward, we will consider adopting technology to enable voting in absentia and remote participation for shareholders in future general meetings when necessary.

The notice for the Fifth AGM was sent to shareholders more than 28 days before the date of holding the Fifth AGM to provide ample time for shareholders to review the proposed resolutions and make informed decisions when exercising their voting rights.

All Directors attended the AGM. The Chairman of the ARMC, RC, and NC were present to facilitate discussions and address any questions from the shareholders regarding matters within their respective Board Committees' purview. Our Board provided ample opportunity for shareholders to raise issues related to our Group's affairs, and the Board Chairman, along with the relevant Directors and Key Senior Management, provided adequate responses.

04 FOCUS AREA DURING THE YEAR

Our Board take cognisant of the needs to continually strengthen its CG processes and 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 of Directors' Meeting held on 30 August 2024.

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 2024.

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 2024 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	4/5

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 2024, 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 2023, 31 August 2023, 30 November 2023 and 29 February 2024 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 2023 together with the External Auditors, before recommending the same to the Board for their approval and inclusion in the Annual Report 2023

Audit And Risk Management Committee Report

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 2024, 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 with the External Auditors, which included 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 matters concerning the fees for audit and non-audit services performed by the External Auditors.

IV. Related Party Transaction ("RPT")

- Reviewed the RPT and / or Recurrent RPT ("RRPT") to ensure that they were undertaken on an arm's length basis, under normal commercial terms and on the terms no 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 RPT / RRPT are not detrimental to the interest of minority shareholders.

During the financial year under review, the ARMC did not detect any RPT / RRPT that warranted specific disclosure and shareholders' mandate.

V. Conflict of Interest Situation

- Reviewed any conflict of interest and / or potential 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.
- In line with the amendments to Listing Requirements in relation to the conflict of interest, the ARMC reviewed and recommended the Conflict of Interest Policy and amendment to its Terms of Reference to the Board for approval.

VI. 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.

VII. Other Matters

- Reviewed and recommended the final single-tier dividend in respect of the FYE 31 May 2023 to our Board for consideration after having duly reviewed related bank covenants of our Group and confirmed that the written consent required from the respective banks had been received.
- Reviewed and recommended to the Board the following reports / statements for approval and inclusion into the Company's Annual Report 2023:
 - Management Discussion and Analysis;
 - Corporate Governance Overview Statement;
 - Corporate Governance Report;
 - ARMC Report;
 - Statement on Risk Management and Internal Control; and
 - Sustainability Statement.

Audit And Risk Management Committee Report

- Reviewed and recommended the declaration of first single-tier interim dividend in respect of the FYE 31 May 2024 to our Board for approval after having duly reviewed related bank covenants of our Group and confirmed that the written consent required from the respective banks had been received.
- Reviewed and recommended the Group's annual financial Budget and Capital Expenditure Budget for FYE 2024 to our Board for approval.
- Reviewed the allocation of options pursuant to the Employees' Share Option Scheme ("ESOS") for FYE 2024 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	- Certified Internal Auditor and Chartered Member of the Institute of Internal Auditors - Fellow Member of Association of Chartered Certified Accountants (UK) - Chartered Accountant of Malaysian Institute of Accountants - Certified Public Accountant of the Malaysian Institute of Certified Public Accountants

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 2024, the Outsourced Internal Auditors had carried out the following activities:

- Prepared and presented a revised internal audit plan for the ARMC's approval;
- Provided letter of assurance that nothing has come to their attention to indicate the existence of significant deficiencies or weaknesses in the design and implementation of the Group system internal control in respect of the scope of work undertaken in accordance with the approved internal audit plan approved by the ARMC for FYE 2024.
- Reviewed Health, Safety and Environment Management, Inventory Management, Management Information System and facilitated the Group Risk Assessment in accordance with the approved internal audit plan;
- 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 RM110,039 with an additional fee of RM20,369 in the FYE 31 May 2024. The additional services were on remuneration for preparation of Corporate Governance Report and Corporate Governance Overview Statement, and Review of Sustainability Reporting.

Further details on the outsourced internal audit function are set out in the Statement on Risk Management and Internal Control on page 59 and 60 of this Annual Report.

Audit And Risk Management Committee 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 2024 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 30 August 2024.

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 2024 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, contingencies, fraud or irregularities.

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:

Statement On Risk Management And Internal Control

I. Risk Management And Internal Control System

(A) Risk Management Framework

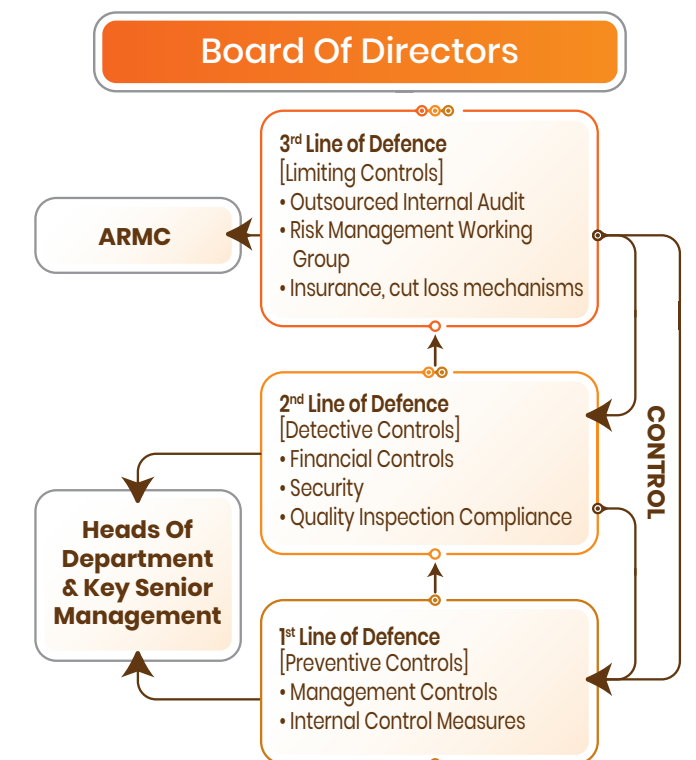
Our Group has established an Enterprise Risk Management (“**ERM**”) framework that facilitates a structured approach towards risk management. Our Group’s ERM framework comprises two (2) broad components, namely governance structure and risk management processes.

(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:

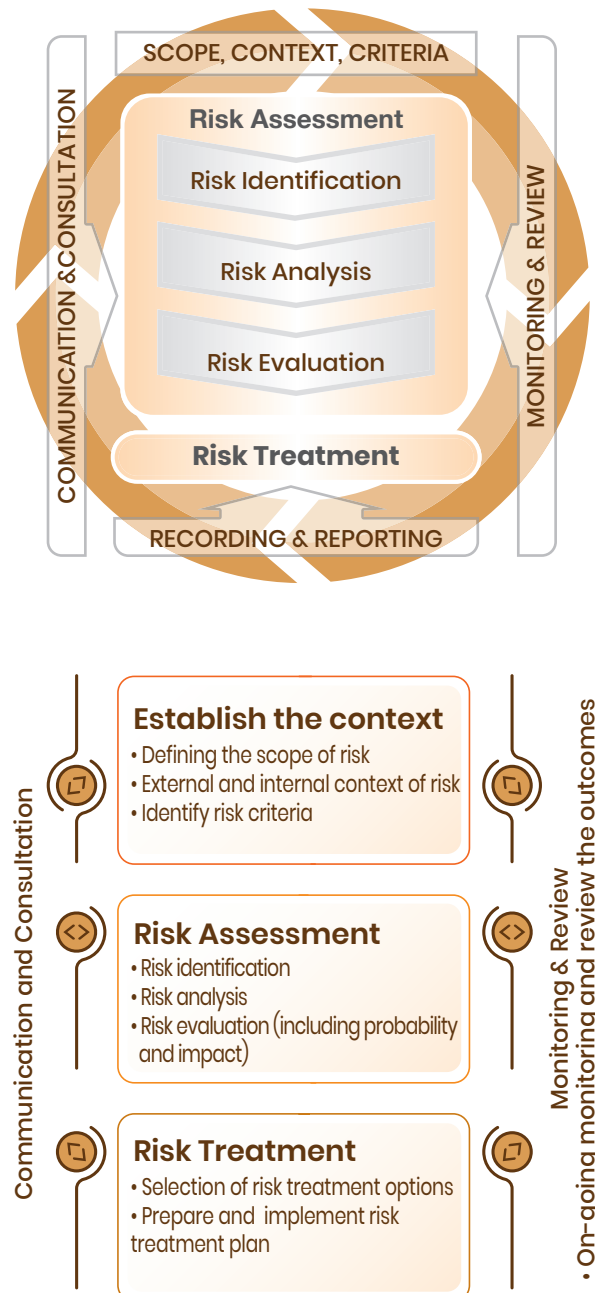


Statement On Risk Management And Internal Control

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 our outsourced Internal Auditors, Resolve IR Sdn. Bhd., and recommendations by the ARMC, had reassessed the risks faced by our Group and updated the Group Risk Assessment in May 2024.

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

Statement On Risk Management And Internal Control

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

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

The results of the RA were used by the Outsourced Internal Auditors in mapping key risks relevant to the key business processes of concern and incorporated into the annual internal audit plan approved by the ARMC for the 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, Key Senior Management 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:

- Collaborated with the outsourced professional service firm to conduct the Group Risk Assessment for FYE 2024.
- 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.

Statement On Risk Management And Internal Control

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 2024 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:

- Facilitated the Group RA
- Health, Safety and Environmental Management
- Inventory Management
- Management Information System

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 2024 as per the audit plan was RM110,039 with an additional fee of RM20,369 incurred for additional services. The additional services were on remuneration for preparation of Corporate Governance Report & CG Overview Statement and Review of 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.

Statement On Risk Management And Internal Control

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 and anti-corruption framework and implement the anti-bribery and anti-corruption compliance programme for our Group.

During the financial year, **ABCWG** have:

- 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.
- Evaluate and enhance the effectiveness of ABAC training procedure as well as yearly refreshment programme.
- Reassess the ABAC risk for FYE 2024

(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.

Additionally, our Group has established a Grievance System as a reporting mechanism for employee concerns, along with a structured process for addressing them.

(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, subject to review and update 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 account ability 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 daily operations in order to preserve product quality as well as to achieve the environmental goals.
- As part of our ongoing commitment to social compliance and ethical business practices, our company now conducts SMETA during the FYE 2024. This thorough evaluation not only ensures adherence to international standards but also plays a critical role in our risk management and compliance efforts. We can proactively address issues, enhance our operations, and maintain the trust of our stakeholders by identifying potential risks and areas for improvement. Whilst this process safeguards our business, it also reinforces our dedication to responsible and sustainable practices.
- A structured recruitment process is in place to ensure that only suitable employees are recruited as well as retaining adequate competent employees. 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.
- 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.

Statement On Risk Management And Internal Control

(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.

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 2024. Their review is performed in accordance with Audit and Assurance Practice Guide (“AAPG”) 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 2024 and is of the view that the controls are operating adequately and effectively in all material respects.

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

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

This Statement on Risk Management and Internal Control is made in accordance with a resolution of our Board of Directors dated 30 August 2024.

Additional Compliance Information

01 UTILISATION OF PROCEEDS

Our Company was listed on the ACE Market of Bursa Securities on 20 January 2021 (“Listing”). 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”).

On 16 December 2022, our Company announced its extension of timeframe from 24 months to 36 months from the date of Listing for the utilisation if the remaining unutilised IPO Proceeds allocated for capital expenditure and expansion.

Further therefrom, on 28 November 2023, our Company announced its proposed variation and extension of timeframe for the utilisation of the remaining unutilised IPO Proceeds which was thereafter duly approved by the shareholders at an Extraordinary General Meeting held on 5 January 2024 for the utilisation of the remaining IPO Proceeds as follows:

Details of utilisation	IPO Proceeds RM'000	Actual utilisation RM'000	Reallocation RM'000	Unutilised amount RM'000	Revised Unutilised amount RM'000	Actual utilisation ⁽⁵⁾ RM'000	Balance unutilised amount ⁽⁵⁾ RM'000	Intended timeframe for utilisation upon listing	Revised timeframe for utilisation (from 20 January 2024) ⁽⁵⁾
Capital expenditure and expansion	13,031	6,597	-	6,434	-	-	-	Within 36 months ⁽²⁾	-
Repayment of bank borrowings	7,783	7,783	-	-	-	-	-	Within 12 months	-
Working capital	5,207	5,021	⁽¹⁾ (186)	-	3,554	-	3,554	Within 24 months	Within 18 months
Sales and marketing expenses	2,000	-	-	2,000	500	75	425	Within 36 months	Within 18 months
Estimated listing expenses	3,900	⁽¹⁾ 4,086	⁽¹⁾ 186	-	-	-	-	Within 3 months	-
Acquisition of machineries ⁽⁴⁾	-	-	-	-	4,380	2,097	2,283	-	Within 18 months
Total	31,921	23,487	-	8,434	8,434	2,172	6,262	-	-

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.
- (2) The Company had on 16 December 2022 announced the extension of timeframe for the utilisation of proceeds allocated for capital expenditure and expansion from within 24 months to within 36 months from listing.
- (3) The Company had on 5 January 2024 obtained its shareholders’ approval via an extraordinary general meeting for the variation and extension of timeframe of 18 months from 20 January 2024 i.e. up to 19 July 2025 for the utilisation of the remaining proceeds raised from the Public Issue.
- (4) Being the acquisition of 1 unit of dry hot press paper pulp moulded packaging machine, 1 unit of wet hot press paper pulp moulded packaging machine and 1 unit of 3D- printing machine.
- (5) As at 31 May 2024.

Additional Compliance Information

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 2024 are as follows:

	Our Group RM'000	Our Company RM'000
Audit fees	135	40
Non-audit fees*	5	5
Total	140	45

Note:

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

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 2024.

04 RECURRENT RELATED PARTY TRANSACTIONS (“RRPT”)

During the FYE 31 May 2024, 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

Additional Compliance Information

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 exceed 15% of the total number of issued shares of our Company (excluding treasury shares, if any) at any point of time during the ESOS period.
- II. An eligible person (including executive directors) of our Group shall be eligible to participate in the ESOS if, as at the date of offer, the eligible person is at least 18 years of age and has been confirmed and completed at least 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).
- 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.

Additional Compliance Information

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 2024:

	Balance as at 1 June 2023	No. of ESOS options			Balance as at 31 May 2024
		Granted	Exercised	Lapsed / forfeited	
Directors⁽¹⁾	7,168,600	-	-	-	7,168,600
Employees	28,823,600	-	-	681,000	28,142,600
Total	35,992,200	-	-	681,000	35,311,200

Notes:

(1) The ESOS options granted and exercised by the non-executive directors during the FYE 31 May 2024 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 48.93% of the options under the ESOS have been granted to Directors and senior management of the Group, out of which 20.30% and 28.63% 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 ("IFRS") 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 2024 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 30 August 2024.





DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS

31 MAY 2024

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Reports And Financial Statements

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 2024.

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, including corrugated boxes, non-corrugated boxes, paper pulp moulded packaging and rigid boxes and investment holding in real property. Further details of the subsidiaries are disclosed in Note 6 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	<u>3,813,601</u>	<u>5,057,940</u>
Attributable to:		
Owners of the Company	4,064,415	5,057,940
Non-controlling interests	<u>(250,814)</u>	<u>-</u>
	<u>3,813,601</u>	<u>5,057,940</u>

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 2023:	
Final single tier dividend of RM0.0075 per ordinary share on 388,430,000 ordinary shares, declared on 21 September 2023 and paid on 30 November 2023	2,913,225
In respect of financial year ended 31 May 2024:	
Interim single tier dividend of RM0.0050 per ordinary share on 388,430,000 ordinary shares, declared on 24 January 2024 and paid on 1 March 2024	<u>1,942,150</u>
	<u>4,855,375</u>

The Directors do not recommend the payment of any final dividend in respect of financial year ended 31 May 2024.

Reports And Financial Statements

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:

- 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;
- 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;
- 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;
- 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
- 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 2023 (Unit)	Granted (Unit)	Forfeited (Unit)	Exercisable	
						As at 31 May 2024 (Unit)	as at 31 May 2024 (Unit)
18.11.2021	2.11.2026	0.468	35,992,200	-	(681,000)	35,311,200	7,062,240

On 15 July 2024, the Company granted 3,000,000 share options under the ESOS plan and subject to the terms and conditions of the By-Laws.

Reports And Financial Statements

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 2024 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 1.6.2023	Bought	Sold	Balance as at 31.5.2024
Ordinary shares in the Company				
<u>Direct interests:</u>				
Kok Hon Seng	23,541,528	-	-	23,541,528
Lau Tee Tee @ Lau Kim Wah	7,788,268	-	-	7,788,268
Ng Soh Hoon	14,004,665	-	-	14,004,665
Philip Goh Teck Siang	200,000	-	-	200,000
Lee Chong Leng	400,000	-	-	400,000
<u>Indirect interests:</u>				
Kok Hon Seng ⁽¹⁾	214,900,295	-	-	214,900,295
Lau Tee Tee @ Lau Kim Wah ⁽²⁾	207,847,837	-	-	207,847,837
Ng Soh Hoon ⁽³⁾	224,437,158	-	-	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.

Reports And Financial Statements

DIRECTORS' INTERESTS (continued)

	Number of ESOS		
	Balance as at 1.6.2023	Granted	Balance as at 31.5.2024
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 those benefits included in the aggregate amount of remuneration received or due and receivable by the Directors) 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:

- the transaction entered into in the ordinary course of business with a company in which Directors of the Company have substantial interests as disclosed in Note 23 to the financial statements; and
- the remuneration received by certain Directors from subsidiaries as Directors of the subsidiaries.

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 2024 were as follows:

	Group RM	Company RM
Directors of the Company:		
Fees	540,000	420,000
Salaries, allowance and bonus	639,200	9,200
Contributions to defined contribution plan	119,700	-
Social security contributions	743	-
ESOS expenses	267,509	195,039
	<u>1,567,152</u>	<u>624,239</u>
Directors of the subsidiaries:		
Fees	60,000	-
	<u>1,627,152</u>	<u>624,239</u>

Reports And Financial Statements

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 2024 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

- Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - 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
 - 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.
- 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

- The Directors are not aware of any circumstances:
 - 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;
 - which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - 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.
- In the opinion of the Directors:
 - 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
 - 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.

Reports And Financial Statements

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.

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 2024 were as follows:

	Group RM	Company RM
Statutory audit	135,000	40,000
Non-statutory audit	5,000	5,000
	<u>140,000</u>	<u>45,000</u>

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

.....
Kok Hon Seng
Director

Kuala Lumpur
5 September 2024

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

Reports And Financial Statements

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 81 to 129 have been drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting 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 2024 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

Kuala Lumpur
5 September 2024

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

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 81 to 129 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 2024)

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 2024 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 material accounting policy information, as set out on pages 81 to 129.

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 2024 and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("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.

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

Key Audit Matters (continued)

Impairment of trade receivables

As at 31 May 2024, trade receivables of the Group were RM18,718,739, which were net of impairment losses of RM334,577 as disclosed in Note 8 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 after 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, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the 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.

Reports And 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)

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

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

Kuala Lumpur
5 September 2024

Koh Yang Wei
03423/03/2025 J
Chartered Accountant

Reports And Financial Statements

HPP HOLDINGS BERHAD (Incorporated in Malaysia) STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2024

		Group		Company	
	Note	2024 RM	2023 RM	2024 RM	2023 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	79,782,028	60,782,730	-	-
Investments in subsidiaries	6	-	-	66,059,924	64,927,247
		79,782,028	60,782,730	66,059,924	64,927,247
Current assets					
Inventories	7	9,741,908	14,218,558	-	-
Trade and other receivables	8	19,400,967	24,503,929	21,357,354	21,354,870
Current tax assets		3,158,517	3,294,629	15,522	-
Cash and bank balances	9	46,741,525	45,362,170	10,701,756	10,278,219
		79,042,917	87,379,286	32,074,632	31,633,089
TOTAL ASSETS		<u>158,824,945</u>	<u>148,162,016</u>	<u>98,134,556</u>	<u>96,560,336</u>
EQUITY AND LIABILITIES					
Equity attributable to the owners of the Company					
Share capital	10	90,208,055	90,208,055	90,208,055	90,208,055
Reserves	11	(47,499,356)	(48,804,413)	6,952,644	5,647,587
Retained earnings		79,318,323	80,086,624	851,469	626,245
		122,027,022	121,490,266	98,012,168	96,481,887
Non-controlling interests		1,544,617	1,795,431	-	-
TOTAL EQUITY		<u>123,571,639</u>	<u>123,285,697</u>	<u>98,012,168</u>	<u>96,481,887</u>

Reports And Financial Statements

HPP HOLDINGS BERHAD
(Incorporated in Malaysia)
STATEMENTS OF FINANCIAL POSITION
AS AT 31 MAY 2024 (continued)

		Group		Company	
	Note	2024 RM	2023 RM	2024 RM	2023 RM
LIABILITIES					
Non-current liabilities					
Lease liabilities	12	179,130	289,317	-	-
Borrowings	13	14,365,183	702,711	-	-
Deferred tax liabilities	14	7,870,710	7,788,660	-	-
		22,415,023	8,780,688	-	-
Current liabilities					
Trade and other payables	15	9,839,796	8,398,217	122,388	76,700
Current tax liabilities		13,335	22,573	-	1,749
Lease liabilities	12	95,213	315,306	-	-
Borrowings	13	2,889,939	7,359,535	-	-
		12,838,283	16,095,631	122,388	78,449
TOTAL LIABILITIES		35,253,306	24,876,319	122,388	78,449
TOTAL EQUITY AND LIABILITIES		158,824,945	148,162,016	98,134,556	96,560,336

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

Reports And Financial Statements

HPP HOLDINGS BERHAD
(Incorporated in Malaysia)
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

		Group		Company	
	Note	2024 RM	2023 RM	2024 RM	2023 RM
Revenue	16	68,931,663	80,803,519	6,000,000	7,200,000
Cost of sales		(56,107,461)	(60,133,666)	-	-
Gross profit		12,824,202	20,669,853	6,000,000	7,200,000
Other income		2,261,715	2,009,979	339,334	288,491
Selling and marketing expenses		(1,138,956)	(919,738)	(6,988)	-
Administrative expenses		(8,222,665)	(8,011,612)	(1,262,827)	(1,300,952)
Net reversals of impairment losses/(impairment losses) on financial assets	18	96,344	(418,437)	-	-
Profit from operations		5,820,640	13,330,045	5,069,519	6,187,539
Finance costs	17	(719,888)	(480,037)	-	-
Profit before tax	18	5,100,752	12,850,008	5,069,519	6,187,539
Tax expense	20	(1,287,151)	(3,568,512)	(11,579)	(5,400)
Profit for the financial year, representing total comprehensive income for the financial year		3,813,601	9,281,496	5,057,940	6,182,139
Profit for the financial year/ Total comprehensive income attributable to:					
Owners of the Company		4,064,415	9,306,107	5,057,940	6,182,139
Non-controlling interests		(250,814)	(24,611)	-	-
		3,813,601	9,281,496	5,057,940	6,182,139
Basic earnings per ordinary share attributable to owners of the Company (sen)	21	1.05	2.40		

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

Reports And Financial Statements

HPP HOLDINGS BERHAD
(Incorporated in Malaysia)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

Group	Note	-----Non-distributable----- Distributable			
		Share capital RM	Reserves RM	Retained earnings RM	Total RM
Balance as at 1 June 2023		90,208,055	(48,804,413)	80,086,624	121,490,266
Profit for the financial year, representing total comprehensive income for the financial year		-	-	4,064,415	4,064,415
Transactions with owners of the Company:					
Dividends paid	22	-	-	(4,855,375)	(4,855,375)
Employee Share Option Scheme ("ESOS") expenses	11(ii)(c)	-	1,327,716	-	1,327,716
Forfeiture of ESOS		-	(22,659)	22,659	-
Total transactions with owners of the Company		-	1,305,057	(4,832,716)	(3,527,659)
Balance as at 31 May 2024		90,208,055	(47,499,356)	79,318,323	122,027,022
				1,544,617	123,571,639

Reports And Financial Statements

HPP HOLDINGS BERHAD
(Incorporated in Malaysia)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MAY 2024 (continued)

Group	Note	-----Non-distributable----- Distributable			
		Share capital RM	Reserves RM	Retained earnings RM	Total RM
Balance as at 1 June 2022		90,208,055	(51,263,254)	76,542,373	115,487,174
Profit for the financial year, representing total comprehensive income for the financial year		-	-	9,306,107	9,306,107
Transactions with owners of the Company:					
Dividends paid	22	-	-	(5,826,450)	(5,826,450)
Employee Share Option Scheme ("ESOS") expenses	11(ii)(c)	-	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)
Balance as at 31 May 2023		90,208,055	(48,804,413)	80,086,624	121,490,266
				1,795,431	123,285,697

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

Reports And Financial Statements

HPP HOLDINGS BERHAD
(Incorporated in Malaysia)
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

		-----Non-distributable-----		Distributable	
	Note	Share capital RM	Reserves RM	Retained earnings RM	Total equity RM
Company					
Balance as at 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	22	-	-	(5,826,450)	(5,826,450)
ESOS expenses	11(ii)(c)	-	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
Balance as at 1 June 2023		90,208,055	5,647,587	626,245	96,481,887
Profit for the financial year, representing total comprehensive income for the financial year		-	-	5,057,940	5,057,940
Transactions with owners of the Company					
Dividends paid	22	-	-	(4,855,375)	(4,855,375)
ESOS expenses	11(ii)(c)	-	1,327,716	-	1,327,716
Forfeiture of ESOS		-	(22,659)	22,659	-
Total of transactions with owners of the Company		-	1,305,057	(4,832,716)	(3,527,659)
Balance as at 31 May 2024		90,208,055	6,952,644	851,469	98,012,168

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

Reports And Financial Statements

HPP HOLDINGS BERHAD
(Incorporated in Malaysia)
STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

		Group		Company	
	Note	2024 RM	2023 RM	2024 RM	2023 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		5,100,752	12,850,008	5,069,519	6,187,539
Adjustments for:					
Depreciation of property, plant and equipment	5	4,873,327	4,627,298	-	-
Dividend income	16	-	-	(6,000,000)	(7,200,000)
Property, plant and equipment written off		15,184	-	-	-
Gain on disposal of property, plant and equipment		(21,000)	-	-	-
Gain on lease termination	12(c)	(3,573)	-	-	-
Impairment losses on trade receivables	8(e)	-	418,437	-	-
Interest expense	17	719,888	480,037	-	-
Interest income		(1,249,717)	(853,044)	(339,334)	(288,491)
Reversal of impairment losses on trade receivables	8(e)	(96,344)	-	-	-
Inventories written down	7	196,122	-	-	-
Employee share options scheme expenses	11(ii)(c)	1,327,716	2,523,435	195,039	368,666
Unrealised loss/(gain) on foreign exchange		36,313	(49,002)	-	-
Operating profit/(loss) before changes in working capital		10,898,668	19,997,169	(1,074,776)	(932,286)
Changes in working capital:					
Inventories		4,280,528	1,685,151	-	-
Trade and other receivables		5,180,782	977,904	(2,484)	(117)
Trade and other payables		923,823	(2,343,604)	45,688	(39,769)
Cash generated from/(used in) operations		21,283,801	20,316,620	(1,031,572)	(972,172)
Tax paid		(1,131,582)	(3,850,591)	(28,850)	(1,824)
Tax refunded		53,355	167,524	-	-
Net cash from/(used in) operating activities		20,205,574	16,633,553	(1,060,422)	(973,996)

Reports And Financial Statements

HPP HOLDINGS BERHAD
(Incorporated in Malaysia)
STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2024 (continued)

		Group		Company	
	Note	2024 RM	2023 RM	2024 RM	2023 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividends received	16	-	-	6,000,000	7,200,000
(Increase)/Decrease in fixed deposits pledged to licensed banks	9	(14,266)	879,460	-	-
Withdrawals/(Placements) of fixed deposits with maturity more than three (3) months	9	4,405,485	(420,914)	225,671	(2,550,000)
Interest received		1,249,717	853,044	339,334	288,491
Purchase of property, plant and equipment	5(c)	(11,854,864)	(4,856,554)	-	-
Proceeds from disposal of property, plant and equipment		21,000	-	-	-
Advances from/(Repayments to) ultimate holding company		4,400	(479)	-	-
Net cash (used in)/from investing activities		(6,188,528)	(3,545,443)	6,565,005	4,938,491
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid	22	(4,855,375)	(5,826,450)	(4,855,375)	(5,826,450)
Interest expense paid on:					
- borrowings		(692,526)	(439,377)	-	-
- lease liabilities	12	(27,362)	(40,660)	-	-
Payments of lease liabilities	12	(252,134)	(359,647)	-	-
Net repayments of borrowings		(2,401,286)	(2,488,281)	-	-
Net cash used in financing activities		(8,228,683)	(9,154,415)	(4,855,375)	(5,826,450)
Net increase/(decrease) in cash and cash equivalents		5,788,363	3,933,695	649,208	(1,861,955)
Effects of exchange rate changes on cash and cash equivalents held		(17,789)	68,874	-	-
Cash and cash equivalents at beginning of financial year		29,402,464	25,399,895	7,728,219	9,590,174
Cash and cash equivalents at end of financial year	9	35,173,038	29,402,464	8,377,427	7,728,219

Reports And Financial Statements

HPP HOLDINGS BERHAD
(Incorporated in Malaysia)
STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2024 (continued)

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

Group		Borrowings (Note 13) RM	Lease liabilities (Note 12) RM
2024	Note		
At beginning of the financial year		8,062,246	604,623
Cash flows:			
- Drawdowns	5(c)	11,594,162	-
- Repayments of principal		(2,401,286)	(252,134)
- Repayments of interest		(692,526)	(27,362)
Non-cash flows:			
- Interest expense		692,526	27,362
- Lease termination		-	(78,146)
At end of the financial year		<u>17,255,122</u>	<u>274,343</u>
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	5(c)	-	467,307
- Interest expense		439,377	40,660
At end of the financial year		<u>8,062,246</u>	<u>604,623</u>

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

HPP HOLDINGS BERHAD
(Incorporated in Malaysia)
NOTES TO THE FINANCIAL STATEMENTS
31 MAY 2024

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 2024 comprise the financial statements of the Company and its subsidiaries. These financial statements of the Group and of the Company are presented in Ringgit Malaysia (“RM”), which is also the functional currency of the Company.

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

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 5 September 2024.

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, including corrugated boxes, non-corrugated boxes, paper pulp moulded packaging and rigid boxes and investment holding in real property. Further details of the subsidiaries are disclosed in Note 6 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”), IFRS Accounting Standards 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 MFRS and Amendments to MFRSs adopted during the financial year are disclosed in Note 27.1 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.

4. OPERATING SEGMENTS

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
Paper pulp moulded packaging	Production of paper pulp product.
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 statement 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 current tax assets.

Segment liabilities

Segment liabilities are measured based on all liabilities of the segment, excluding deferred tax liabilities and current tax liabilities.

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Reports And Financial Statements

4. OPERATING SEGMENTS (continued)

	Corrugated packaging RM	Non- corrugated packaging RM	Rigid boxes RM	Paper pulp moulded packaging RM	Others RM	Adjustments and eliminations RM	Group RM
2024							
External revenue	18,937,504	34,776,274	8,917,696	915,760	5,384,429	-	68,931,663
Inter-segment revenue	30,863	56,676	1,708,529	-	6,488,776	(8,284,844)	-
Total revenue	18,968,367	34,832,950	10,626,225	915,760	11,873,205	(8,284,844)	68,931,663
Results							
Depreciation of property, plant and equipment	1,542,421	2,832,457	365,134	194,625	438,551	(499,861)	4,873,327
ESOS expenses	-	-	-	-	1,327,716	-	1,327,716
Other non-cash income	34,809	63,922	16,391	1,683	9,897	-	126,702
Segment profit/(loss) from operations	2,868,393	7,895,030	183,880	(141,500)	1,014,837	(6,000,000)	5,820,640
Assets							
Additions to non-current assets	1,277,823	2,346,556	767,758	19,206,925	363,320	-	23,962,382
Segment assets	72,226,047	132,633,782	3,707,171	19,868,568	20,535,755	(93,304,895)	155,666,428
Liabilities							
Segment liabilities	14,441,608	26,520,142	1,182,267	6,464,086	4,106,127	(25,344,969)	27,369,261

Reports And Financial Statements

4. OPERATING SEGMENTS (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)	(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						
Additions 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

Reports And Financial Statements

4. OPERATING SEGMENTS (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	
	2024 RM	2023 RM
Profit for the financial year		
Segment profit from operations	5,820,640	13,330,045
Finance costs	(719,888)	(480,037)
Tax expense	(1,287,151)	(3,568,512)
Profit for the financial year as per statements of profit or loss and other comprehensive income	<u>3,813,601</u>	<u>9,281,496</u>
Other non-cash (income)/expenses		
Gain on disposal of property, plant and equipment	(21,000)	-
Gain on lease termination	(3,573)	-
Impairment losses on trade receivables		418,437
Reversal of impairment loss on trade receivables	(96,344)	-
Property, plant and equipment written off	15,184	-
Inventories written down	196,122	-
Unrealised loss/(gain) on foreign exchange	36,313	(49,002)
	<u>126,702</u>	<u>369,435</u>
Additions to non-current assets		
Property, plant and equipment	<u>23,962,382</u>	<u>5,323,861</u>
Assets		
Segments assets	155,666,428	144,867,387
Current tax assets	<u>3,158,517</u>	<u>3,294,629</u>
Total assets	<u>158,824,945</u>	<u>148,162,016</u>
Liabilities		
Segments liabilities	27,369,261	17,065,086
Deferred tax liabilities	7,870,710	7,788,660
Current tax liabilities	<u>13,335</u>	<u>22,573</u>
Total liabilities	<u>35,253,306</u>	<u>24,876,319</u>

Reports And Financial Statements

4. OPERATING SEGMENTS (continued)

- (e) Geographical segments
- Segment information relating to geographical areas of operation has not been presented as the Group operates only in Malaysia.
- (f) Major customers
- Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	Group	
	2024 RM	2023 RM
Customer A	11,002,719	10,771,448
Customer B	6,974,894	N/A*
Customer C	<u>N/A*</u>	<u>8,720,053</u>

* The corresponding revenue did not contribute 10% of the total revenue of the Group.

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Reports And Financial Statements

5. PROPERTY, PLANT AND EQUIPMENT

Group	[----- Right-of-use assets-----]									
2024	Buildings RM	Plant and machinery RM	Motor vehicles RM	Office equipment and others* RM	Renovation RM	Capital- work-in progress RM	Leasehold lands RM	Buildings RM	Motor vehicles RM	Total RM
Cost										
At beginning 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
Additions	1,930,934	4,253,565	216,780	240,724	127,475	11,020,390	6,172,514	-	-	23,962,382
Disposals	-	-	(133,815)	-	-	-	-	-	-	(133,815)
Written off	-	-	-	-	(35,040)	-	-	-	-	(35,040)
Lease termination	-	-	-	-	-	-	-	(491,633)	-	(491,633)
Reclassification	5,210,984	-	-	-	-	(5,210,984)	-	-	-	-
At end of the financial year	19,542,331	64,259,091	2,576,942	3,260,724	531,680	7,383,583	16,150,963	184,280	271,460	114,161,054
Accumulated depreciation										
At beginning 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
Charge for the financial year	311,757	3,686,158	109,354	267,040	49,363	-	189,380	205,983	54,292	4,873,327
Disposals	-	-	(133,815)	-	-	-	-	-	-	(133,815)
Written off	-	-	-	-	(19,856)	-	-	-	-	(19,856)
Lease termination	-	-	-	-	-	-	-	(417,060)	-	(417,060)
At end of the financial year	1,658,018	27,670,678	2,244,661	1,586,467	157,896	-	878,679	92,140	90,487	34,379,026
Net carrying amount	17,884,313	36,588,413	332,281	1,674,257	373,784	7,383,583	15,272,284	92,140	180,973	79,782,028

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

Reports And Financial Statements

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	[----- Right-of-use assets-----]									
	Buildings RM	Plant and machinery RM	Motor vehicles RM	Office equipment and others* RM	Renovation RM	Capital- work-in progress RM	Leasehold land RM	Buildings RM	Motor vehicles RM	Total RM
2023										
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.

Reports And Financial Statements

5. PROPERTY, PLANT AND EQUIPMENT (continued)

- (a) All items of property, plant and equipment excluding right-of-use assets are initially measured at cost. After initial recognition, property, plant and equipment excluding right-of-use assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation on property, plant and equipment excluding right-of-use assets 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 represents factory included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The useful lives and residual values of property, plant and equipment are estimated based on common life expectancies and commercial factors applied in the various respective industries.

Changes in expected level of usage and economic development could impact the economic useful lives and the residual values of these assets, and hence future depreciation charges on such assets could be revised.

- (b) Right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are measured at cost less accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liabilities.

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 lease terms of right-of-use assets are as follows:

Leasehold land	Over the remaining periods of 74 to 88 years
Buildings	Over the period of 4 years
Motor vehicles	Over the period of 5 years

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

	Group	
	2024 RM	2023 RM
Additions of property, plant and equipment	23,962,382	5,323,861
Financed by term loans (Note 13)	(11,594,162)	-
Unsettled and remained as other payables	(513,356)	-
Financed by lease liabilities (Note 12)	-	(467,307)
Cash payments on purchases of property, plant and equipment	<u>11,854,864</u>	<u>4,856,554</u>

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5. PROPERTY, PLANT AND EQUIPMENT (continued)

- (d) Certain property, plant and equipment of the Group have been pledged as securities for borrowings granted to the Group as disclosed in Note 13 to the financial statements with carrying amounts as follows:

	Group	
	2024 RM	2023 RM
Leasehold land	10,677,959	2,800,298
Buildings	20,427,563	6,091,030
Plant and machinery	<u>11,904,047</u>	<u>13,100,688</u>
	<u>43,009,569</u>	<u>21,992,016</u>

- (e) The leasehold land of the Group have unexpired lease periods of 72 years to 73 years (2023: 73 years).

6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2024 RM	2023 RM
Unquoted shares, at cost		
As at beginning/as at end of financial year	59,952,000	59,952,000
Capital contribution to subsidiaries		
As at beginning of financial year	4,975,247	2,820,478
ESOS expenses (Note 11(ii)(c))	<u>1,132,677</u>	<u>2,154,769</u>
As at end of financial year	<u>6,107,924</u>	<u>4,975,247</u>
Net carrying amount	<u>66,059,924</u>	<u>64,927,247</u>

- (a) Investments in subsidiaries, which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less any accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

All 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.

- (b) Capital contribution to subsidiaries

The capital contribution amounting to RM1,132,677 (2023: RM2,154,769) represents ESOS granted by the Company to the employees of its subsidiaries and is treated as additional cost of its investments in the subsidiaries.

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6. INVESTMENTS IN SUBSIDIARIES (continued)

(c) Details of the subsidiaries are as follows:

Name of company	Country of incorporation/ Principal place of business	Effective equity interest		Principal activities
		2024 %	2023 %	
Hayan Prints (M) Sdn. Bhd.	Malaysia	100	100	Printing and production of paper-based packaging, including corrugated, non-corrugated, paper pulp moulded packaging 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

(d) Summarised information of a company with non-controlling interest ("NCI") that is material to the Group is set out below.

	2024	2023
Envy Premium Box Supplies Sdn. Bhd. ("Envy")		
NCI percentage of ownership and voting interest (%)	49%	49%
Carrying amount of NCI (RM)	1,544,617	1,795,431
Loss for the financial year allocated to NCI, representing total comprehensive loss for the financial year allocated to NCI (RM)	<u>(250,814)</u>	<u>(24,611)</u>

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6. INVESTMENTS IN SUBSIDIARIES (continued)

(e) Summarised financial information before inter-company elimination of the Group's subsidiary that has NCI is as follows:

	2024 RM	2023 RM
Envy Premium Box Supplies Sdn. Bhd.		
Assets and liabilities		
Non-current assets	1,037,786	1,076,970
Current assets	3,396,396	4,747,364
Non-current liabilities	(333,570)	(456,194)
Current liabilities	<u>(848,696)</u>	<u>(1,623,014)</u>
Net assets	3,251,916	3,745,126
Less: Contribution from intermediate holding company	<u>(99,640)</u>	<u>(80,981)</u>
Adjusted net assets	<u>3,152,276</u>	<u>3,664,145</u>
Results		
Revenue	3,223,810	7,322,746
Loss for the financial year, representing total comprehensive loss for the financial year	<u>(511,866)</u>	<u>(50,227)</u>
Cash flows from/(used in) operating activities	159,272	(760,742)
Cash flows from/(used in) investing activities	341,517	(20,201)
Cash flows used in financing activities	<u>(544,645)</u>	<u>(612,230)</u>
Net decrease in cash and cash equivalents	<u>(43,856)</u>	<u>(1,393,173)</u>

7. INVENTORIES

	Group	
	2024 RM	2023 RM
At cost		
Raw materials	6,227,364	11,930,450
Work-in-progress	1,222,650	300,608
Finished goods	<u>2,291,894</u>	<u>1,987,500</u>
	<u>9,741,908</u>	<u>14,218,558</u>
Recognised in profit or loss:		
Inventories recognised as cost of sales	55,681,004	59,534,168
Inventories written down	<u>196,122</u>	<u>-</u>

(a) Inventories are stated at the lower of cost and net realisable value.

(b) Cost is determined on a first in, first out basis. Cost comprises all costs of purchase, cost of conversion plus other costs incurred in bringing the inventories to their present condition and location.

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7. INVENTORIES (continued)

- (c) During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM55,681,004 (2023: RM59,534,168).
- (d) During the financial year, the Group recognised inventories written down amounted to RM196,122 (2023: Nil).

8. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Trade receivables				
Third parties	19,053,316	22,555,672	-	-
Less: Impairment losses	(334,577)	(430,921)	-	-
	18,718,739	22,124,751	-	-
Other receivables				
Third parties	102,849	92,219	-	117
Amounts due from subsidiaries	-	-	21,341,144	21,341,144
Deposits	254,284	2,022,502	-	-
	357,133	2,114,721	21,341,144	21,341,261
Total current receivables, net of prepayments	19,075,872	24,239,472	21,341,144	21,341,261
Prepayments	325,095	264,457	16,210	13,609
Total trade and other receivables	19,400,967	24,503,929	21,357,354	21,354,870

- (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 (2023: 30 to 90 days). They are recognised at their original invoice amounts, which represent their fair values on initial recognition.
- (c) Impairment for trade receivables is recognised 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. 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 assesses the expected credit losses of trade receivables using flow-rate method based on historical credit loss experience and observable data such as current changes and future forecasts in economic conditions. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly. Individual assessment of impairment of trade receivables are separately assessed when it is probable that cash due will not be received in full.

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8. TRADE AND OTHER RECEIVABLES (continued)

- (c) (continued)

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 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 is 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
2024			
Current	17,650,607	(12,197)	17,638,410
Past due:			
1 to 30 days	1,055,035	(22,827)	1,032,208
31 to 60 days	14,446	(2,920)	11,526
61 to 90 days	61,287	(24,692)	36,595
More than 90 days	259,457	(259,457)	-
	1,390,225	(309,896)	1,080,329
Credit impaired			
Individually impaired	12,484	(12,484)	-
	19,053,316	(334,577)	18,718,739
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

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8. TRADE AND OTHER RECEIVABLES (continued)

(e) 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 2023	418,437	12,484	430,921
Reversal of impairment losses	(96,344)	-	(96,344)
At 31 May 2024	322,093	12,484	334,577
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

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

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

(g) 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.

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8. TRADE AND OTHER RECEIVABLES (continued)

(g) (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.

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

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

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Ringgit Malaysia ("RM")	15,450,248	21,012,784	21,341,144	21,341,261
United States Dollar ("USD")	3,397,361	2,590,627	-	-
Chinese Renminbi ("RMB")	-	618,804	-	-
Singapore Dollar ("SGD")	228,263	17,257	-	-
	19,075,872	24,239,472	21,341,144	21,341,261

(i) The following table demonstrates the sensitivity of the profit after tax and equity 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		Equity	
Group	2024 RM	2023 RM	2024 RM	2023 RM
USD/RM				
- strengthened 10% (2023 :10%)	258,199	196,888	-	-
- weakened 10% (2023 :10%)	(258,199)	(196,888)	-	-
RMB/RM				
- strengthened 10% (2023 :10%)	-	47,029	-	-
- weakened 10% (2023 :10%)	-	(47,029)	-	-
SGD/RM				
- strengthened 10% (2023 :10%)	17,348	1,312	-	-
- weakened 10% (2023 :10%)	(17,348)	(1,312)	-	-

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8. TRADE AND OTHER RECEIVABLES (continued)

- (j) 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 six (6) (2023: five (5)) customers, which constituted approximately 59% (2023: 59%) of gross trade receivables of the Group.

- (k) 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.
- (l) In the previous financial year, included in deposits was an amount of RM1,155,000 represented deposit paid in relation to the purchase of one (1) unit of double storey office and one (1) unit of single storey warehouse.

9. CASH AND BANK BALANCES

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Fixed deposits with licensed banks	14,715,211	22,321,371	2,624,329	2,550,000
Short-term funds	21,953,577	9,213,153	7,894,266	7,001,384
Cash and bank balances	10,072,737	13,827,646	183,161	726,835
As disclosed in statements of financial positions	46,741,525	45,362,170	10,701,756	10,278,219
Less:				
Fixed deposits with maturity period more than three (3) months	(11,015,886)	(15,421,371)	(2,324,329)	(2,550,000)
Fixed deposits pledged as security	(552,601)	(538,335)	-	-
Cash and cash equivalents included in the statements of cash flows	35,173,038	29,402,464	8,377,427	7,728,219

- (a) Cash and bank balances (excluding short-term funds) are classified as financial assets and measured at amortised cost.
- (b) Fixed 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 RM552,601 (2023: RM538,335), which is pledged to licensed banks for borrowings as disclosed in Note 13 to the financial statements.

9. CASH AND BANK BALANCES (continued)

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

Short-term funds of the Group and of 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.

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

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Ringgit Malaysia ("RM")	45,679,009	43,709,013	10,701,756	10,278,219
United States Dollar ("USD")	954,945	1,596,451	-	-
Singapore Dollar ("SGD")	107,571	56,706	-	-
	46,741,525	45,362,170	10,701,756	10,278,219

- (f) The following table demonstrates the sensitivity of the profit after tax and equity 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:

	Profit after tax		Equity	
Group	2024 RM	2023 RM	2024 RM	2023 RM
USD/RM				
- strengthened 10% (2023 :10%)	72,576	121,330	-	-
- weakened 10% (2023 :10%)	(72,576)	(121,330)	-	-
SGD/RM				
- strengthened 10% (2023 :10%)	8,175	4,310	-	-
- weakened 10% (2023 :10%)	(8,175)	(4,310)	-	-

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

	Group		Company	
	2024 %	2023 %	2024 %	2023 %
Fixed rate	3.70	3.60	3.46	3.98

- (h) Sensitivity analysis of interest rate risk for fixed deposits with licensed banks as at the end of reporting period is not presented as fixed rate instruments are not affected by change in interest rates.
- (i) No expected credit loss is recognised arising from bank balances, fixed deposits with licensed banks and short-term funds as the probability of default by these financial institutions is negligible.

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10. SHARE CAPITAL

	Group and Company		Amount	
	Number of shares 2024	2023	2024 RM	2023 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.

11. RESERVES

	Note	Group		Company	
		2024 RM	2023 RM	2024 RM	2023 RM
Restructuring reserve	(i)	(54,452,000)	(54,452,000)	-	-
Share options reserves ("ESOS")	(ii)	6,952,644	5,647,587	6,952,644	5,647,587
		<u>(47,499,356)</u>	<u>(48,804,413)</u>	<u>6,952,644</u>	<u>5,647,587</u>

(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 its subsidiary	53,951,000
- Hayan Packaging Sdn. Bhd. and its subsidiary	6,001,000
	<u>59,952,000</u>
Reversal of issued and paid-up share capital (Contributed Capital):	
- Hayan Prints (M) Sdn. Bhd. and its subsidiary	(3,000,000)
- Hayan Packaging Sdn. Bhd. and its subsidiary	(2,500,000)
	<u>(5,500,000)</u>
Restructuring reserve	<u>54,452,000</u>

11. RESERVES (continued)

(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 2023 Unit	Granted Unit	Forfeited Unit	As at 31 May 2024 Unit
18.11.2021	2.11.2026	0.468	35,992,200	-	(681,000)	35,311,200

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

On 15 July 2024, the Company granted 3,000,000 share options under the ESOS plan and subject to the terms and conditions of the By-Laws.

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

	2024 Unit	2023 Unit
Exercisable as at 31 May	<u>7,062,240</u>	<u>7,198,440</u>

- 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.
- 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:

- 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;
- 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;
- 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;
- 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
- The vesting conditions are determined by the Group's ESOS committee.

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11. RESERVES (continued)

(ii) ESOS (continued)

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

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Recognition of share option expenses	1,327,716	2,523,435	1,327,716	2,523,435
Less:				
Capitalised as investments in subsidiaries (Note 6)	-	-	(1,132,677)	(2,154,769)
	<u>1,327,716</u>	<u>2,523,435</u>	<u>195,039</u>	<u>368,666</u>

(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 at grant date (RM)	0.510
Exercise price (RM)	0.468
Risk-free interest (%)	3.021
Expected volatility (%)	43.18
Expected life (years)	<u>5</u>

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.

12. LEASE LIABILITIES

Group

31.05.2024

	Buildings RM	Motor vehicles RM	Total RM
As at 1 June 2023	384,199	220,424	604,623
Lease termination	(78,146)	-	(78,146)
Payments of:			
- Principal	(207,629)	(44,505)	(252,134)
- Interest expense	(14,771)	(12,591)	(27,362)
Interest expense	<u>14,771</u>	<u>12,591</u>	<u>27,362</u>
As at 31 May 2024	<u>98,424</u>	<u>175,919</u>	<u>274,343</u>

12. LEASE LIABILITIES (continued)

Group

31.05.2023

	Buildings RM	Motor vehicles RM	Total RM
As at 1 June 2022	435,682	61,281	496,963
Additions	222,307	245,000	467,307
Payments of:			
- Principal	(273,790)	(85,857)	(359,647)
- Interest expense	(31,610)	(9,050)	(40,660)
Interest expense	<u>31,610</u>	<u>9,050</u>	<u>40,660</u>
As at 31 May 2023	<u>384,199</u>	<u>220,424</u>	<u>604,623</u>

	Group	
	2024 RM	2023 RM
Represented by:		
Current liabilities	95,213	315,306
Non-current liabilities	<u>179,130</u>	<u>289,317</u>
	<u>274,343</u>	<u>604,623</u>
Lease liabilities owing to non-financial institutions	98,424	384,199
Lease liabilities owing to a financial institution	<u>175,919</u>	<u>220,424</u>
	<u>274,343</u>	<u>604,623</u>

- (a) The Group leases residential properties, as well as motor vehicles. These leases comprise only fixed payments over the lease terms.
- (b) The Group has certain leases of assets with lease term of 12 months or less and low-value of leases of RM20,000 and below. The Group applies the “short-term lease” and “lease of low-value assets” exemptions for these leases.
- (c) The following are the amounts recognised in profit or loss:

	Group	
	2024 RM	2023 RM
Included in cost of sales:		
Depreciation charge of right-of-use assets	314,336	359,403
Expense relating to short-term leases	295	4,662
Expense relating to leases of low-value assets	<u>5,775</u>	<u>8,393</u>
Included in administrative expenses:		
Depreciation charge of right-of-use assets	135,319	127,302
Expense relating to short-term leases	<u>7,010</u>	<u>14,050</u>
	<u>462,735</u>	<u>513,810</u>

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12. LEASE LIABILITIES (continued)

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

	Group	
	2024 RM	2023 RM
Carried forward the amounts included in cost of sales and administrative expenses	462,735	513,810
Included in finance costs:		
Interest expense on lease liabilities	27,362	40,660
Included in other income:		
Gain on lease termination	(3,573)	-
	<u>486,524</u>	<u>554,470</u>

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

	Group	
	2024 RM	2023 RM
Included in net cash used in operating activities:		
Payments relating to low-value assets	5,775	8,393
Payments relating to short-term leases	7,305	18,712
Included in net cash used in financing activities:		
Payments of lease liabilities	252,134	359,647
Payments of lease interests	27,362	40,660
Total cash outflow for leases	<u>292,576</u>	<u>427,412</u>

(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 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
2024					
Fixed rate					
Lease liabilities	6.42	<u>95,213</u>	<u>101,762</u>	<u>77,368</u>	<u>274,343</u>
2023					
Fixed rate					
Lease liabilities	6.14	<u>315,306</u>	<u>101,586</u>	<u>187,731</u>	<u>604,623</u>

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12. LEASE LIABILITIES (continued)

(f) 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
2024			
Lease liabilities	<u>109,896</u>	<u>190,727</u>	<u>300,623</u>
2023			
Lease liabilities	<u>343,696</u>	<u>316,823</u>	<u>660,519</u>

(g) 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.

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

13. BORROWINGS

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Current liabilities				
Term loans	2,889,939	7,359,535	-	-
Financial guarantee contracts	-	-	-	-
	2,889,939	7,359,535	-	-
Non-current liabilities				
Term loans	14,365,183	702,711	-	-
Total borrowings	<u>17,255,122</u>	<u>8,062,246</u>	<u>-</u>	<u>-</u>

* Amount is negligible.

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

(b) Financial guarantee contracts issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15 *Revenue from Contracts with Customers*.

The financial guarantee contracts have not been recognised since the fair value on initial recognition was not material as the guarantees are provided as credit enhancements to the secured borrowings of the subsidiaries.

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13. BORROWINGS (continued)

- (c) Borrowings of the Group are secured as follows:
- (i) Legal charges over certain property, plant and equipment as disclosed in Note 5 to the financial statements;
 - (ii) Pledge of fixed deposits with licensed banks as disclosed in Note 9 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.

- (d) 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. In the previous financial year, certain subsidiaries of the Group did not comply with the abovementioned covenants. Due to the non-compliance of the said covenant clauses, the financial institutions were 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 have been reclassified to current liabilities in the previous financial year.

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

- (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 one year RM	One to two years RM	Two to five years RM	Over five years RM	Total RM
2024						
Floating rate						
Term loans	4.56	2,889,939	1,462,405	3,702,203	9,200,575	17,255,122
2023						
Floating rate						
Term loans	4.93	7,359,535	417,500	285,211	-	8,062,246

- (f) 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:

Group	Profit after tax		Equity	
	2024 RM	2023 RM	2024 RM	2023 RM
Effect of 100 basis point changes				
Floating rate instrument	131,139	61,273	-	-

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13. BORROWINGS (continued)

- (g) The table below summarises the maturity profile of the borrowings of the Group and of the Company 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	Over five years RM	Total RM
2024				
Term loans	3,598,244	7,277,534	10,821,027	21,696,804
2023				
Term loans	8,712,140	727,221	-	9,349,361
Company				
2024				
Financial guarantee contracts	21,696,804	-	-	21,696,804
2023				
Financial guarantee contracts	9,349,361	-	-	9,349,361

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

14. DEFERRED TAX LIABILITIES

	Group	
	2024 RM	2023 RM
At beginning of the financial year	7,788,660	8,040,698
Recognised in profit or loss (Note 20)	82,050	(252,038)
At end of the financial year	7,870,710	7,788,660
Presented after appropriate offsetting: Deferred tax liabilities, net	7,870,710	7,788,660

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14. 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:

Deferred tax assets of the Group

	Unabsorbed capital allowances RM	Unused tax losses RM	Others RM	Total RM
As at 1 June 2023	(78,053)	(33,738)	(67,734)	(179,525)
Recognised in profit or loss	39,133	(87,312)	(150,677)	(198,856)
As at 31 May 2024 prior to offsetting	(38,920)	(121,050)	(218,411)	(378,381)
Offsetting				378,381
As at 31 May 2024				-
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				-

Deferred tax liabilities of the Group

	Property, plant and equipment RM	Total RM
As at 1 June 2023	7,968,185	7,968,185
Recognised in profit or loss	280,906	280,906
As at 31 May 2024 prior to offsetting	8,249,091	8,249,091
Offsetting		(378,381)
As at 31 May 2024		7,870,710
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

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14. DEFERRED TAX LIABILITIES (continued)

- (b) The amount of temporary difference for which no deferred tax asset has been recognised in the statement of financial position of the Group is as follows:

	Group 2024 RM	2023 RM
Unabsorbed capital allowances	41,061	-

Deferred tax asset of a subsidiary has not been recognised in respect of this item as it is not probable that the future taxable profits of this subsidiary would be available against which the deductible temporary difference could be utilised.

The amount and availability of this item to be carried forward are subject to the agreement of the local tax authorities.

15. TRADE AND OTHER PAYABLES

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Trade payables				
Third parties	5,868,441	5,032,683	-	-
Other payables				
Third parties	1,524,503	1,385,968	42,388	-
Amount due to ultimate holding company	22,000	17,600	-	-
Accruals	2,424,852	1,961,966	80,000	76,700
	9,839,796	8,398,217	122,388	76,700

- (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 (2023: 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		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Ringgit Malaysia ("RM")	9,623,577	8,398,217	122,388	76,700
United States Dollar ("USD")	216,219	-	-	-
	9,839,796	8,398,217	122,388	76,700

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15. TRADE AND OTHER PAYABLES (continued)

- (e) During the year, the sensitivity of profit after tax and equity of the Group to a possible change in the USD against the functional currency of the Group with all other variables held constant is as follows:

Group	Profit after tax		Equity	
	2024 RM	2023 RM	2024 RM	2023 RM
USD/RM				
- strengthened 10%	(16,433)	-	-	-
- weakened 10%	16,433	-	-	-

- (f) 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.

16. REVENUE

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Revenue from contract with customers:				
Sales of paper-based packaging products	68,931,663	80,803,519	-	-
Revenue from other source:				
Dividend income from a subsidiary	-	-	6,000,000	7,200,000
	<u>68,931,663</u>	<u>80,803,519</u>	<u>6,000,000</u>	<u>7,200,000</u>
Timing of revenue recognition				
Transferred at a point in time	<u>68,931,663</u>	<u>80,803,519</u>	<u>6,000,000</u>	<u>7,200,000</u>

- (a) Sales of paper-based packaging products

The Group sells paper-based packaging products comprising corrugated, non-corrugated packaging and paper pulp moulded 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.

16. REVENUE (continued)

- (c) Timing of recognition

Revenue is recognised when control over the products has been transferred to the customers 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	
	2024 RM	2023 RM	2024 RM	2023 RM
Malaysia	59,389,644	66,687,480	6,000,000	7,200,000
North America	2,514,252	6,450,669	-	-
Southeast Asia	6,867,817	7,654,848	-	-
East Asia	159,950	10,522	-	-
	<u>68,931,663</u>	<u>80,803,519</u>	<u>6,000,000</u>	<u>7,200,000</u>

17. FINANCE COSTS

	Group	
	2024 RM	2023 RM
Interest expense on:		
- borrowings	692,526	439,377
- lease liabilities	27,362	40,660
	<u>719,888</u>	<u>480,037</u>

18. PROFIT BEFORE TAX

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

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
After charging:				
Auditors' remuneration				
- current year	135,000	115,000	40,000	34,000
- non-statutory audit	5,000	5,000	5,000	5,000
Depreciation of property, plant and equipment	4,873,327	4,627,298	-	-
Inventories written down	196,122	-	-	-
Property, plant and equipment written off	15,184	-	-	-
Rental expenses on:				
- low value assets	5,775	8,393	-	-
- short-term leases	7,305	18,712	-	-
Unrealised loss on foreign exchange	36,313	-	-	-

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18. PROFIT BEFORE TAX (continued)

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

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
and crediting:				
Gain on disposal of property, plant and equipment	(21,000)	-	-	-
Gain on lease termination	(3,573)	-	-	-
Interest income	(1,249,717)	(853,044)	(339,334)	(288,491)
Realised gain on foreign exchange	(223,792)	(238,690)	-	-
Unrealised gain on foreign exchange	-	(49,002)	-	-

- (i) Interest income is recognised on an accrual basis using the effective interest method.

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

	Group	
	2024 RM	2023 RM
Impairment losses on:		
- trade receivables (Note 8)	-	418,437
Reversal of impairment losses on:		
- trade receivables (Note 8)	(96,344)	-
Net (reversals of impairment losses)/impairment losses on of financial assets	(96,344)	418,437

19. EMPLOYEE BENEFITS

	Group	
	2024 RM	2023 RM
Salaries, allowance and bonus	13,545,691	12,485,876
Contributions to defined contribution plan	1,197,695	1,134,385
Social security contributions	172,441	163,153
ESOS expenses	1,327,716	2,523,435
	16,243,543	16,306,849

Included in the employee benefits of the Group and of the Company are remuneration of Directors amounting to RM1,627,152 (2023: RM1,923,169) and RM624,239 (2023: RM798,266) respectively as disclosed in Note 23(c) to the financial statements.

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20. TAX EXPENSE

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Current tax expense based on profit for the financial year:				
- Current year	1,062,245	3,895,644	16,979	5,400
- Under/(Over) provision in prior years	142,856	(75,094)	(5,400)	-
	1,205,101	3,820,550	11,579	5,400
Deferred tax (Note 14):				
- Relating to origination and reversal of temporary differences	129,496	76,974	-	-
- Over provision in prior years	(47,446)	(329,012)	-	-
	82,050	(252,038)	-	-
Tax expense for the financial year	1,287,151	3,568,512	11,579	5,400

- (a) Malaysian income tax is calculated at the Malaysian statutory tax rate of 24% (2023: 24%) of the estimated assessable profit for the year.

- (b) Numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Profit before tax	5,100,752	12,850,008	5,069,519	6,187,539
Tax at Malaysian statutory tax rate of 24% (2023: 24%)	1,224,181	3,084,001	1,216,685	1,485,009
Tax effects in respect of:				
Non-deductible expenses	679,654	1,102,275	298,585	317,627
Non-taxable income	(189,014)	(127,774)	(1,498,291)	(1,797,236)
Unrecognised deferred tax assets	9,855	-	-	-
Utilisation of reinvestment allowances in the current financial year	(532,935)	(85,884)	-	-
	1,191,741	3,972,618	16,979	5,400
Under/(Over) provision of tax expenses in prior years	142,856	(75,094)	(5,400)	-
Over provision of deferred tax in prior years	(47,446)	(329,012)	-	-
Tax expense for the financial year	1,287,151	3,568,512	11,579	5,400

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21. EARNINGS PER ORDINARY SHARE

(a) Basic

Basic earnings per ordinary 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	
	2024	2023
Profit attributable to the owners of the Company for the financial year (RM)	<u>4,064,415</u>	<u>9,306,107</u>
Weighted average number of ordinary shares at end of the financial year (unit)	<u>388,430,000</u>	<u>388,430,000</u>
Basic earnings per ordinary share (sen)	<u>1.05</u>	<u>2.40</u>

(b) Diluted

Diluted earnings per ordinary 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.

22. DIVIDEND

		Group and Company	
	Paid on	2024 RM	2023 RM
Attributable to owners of the Company:			
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	<u>-</u>	<u>2,913,225</u>
		<u>-</u>	<u>5,826,450</u>

22. DIVIDEND (continued)

	Paid on	Group and Company	
		2024 RM	2023 RM
Attributable to owners of the Company: (continued)			
Carried forward the dividend recognised for the financial year ended 31 May 2023		-	5,826,450
Recognised for the financial year ended 31 May 2024:			
Final single tier dividend in respect of financial year ended 31 May 2023 of RM0.0075 per ordinary share	30 November 2023	2,913,225	-
Interim single tier dividend in respect of financial year ended 31 May 2024 of RM0.0050 per ordinary share	1 March 2024	<u>1,942,150</u>	<u>-</u>
		<u>4,855,375</u>	<u>5,826,450</u>

The Directors do not recommend the payment of any final dividend in respect of financial year ended 31 May 2024.

23. 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.

The Company has 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 6 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.

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23. RELATED PARTY DISCLOSURES (continued)

(b) Significant related party transactions

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

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Transaction with ultimate holding company				
Aurora Meadow Sdn. Bhd.				
- Lease expenses	52,800	52,800	-	-
Transactions with a subsidiary				
Hayan Prints (M) Sdn. Bhd.				
- Dividend income	-	-	6,000,000	7,200,000

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 2024 and 31 May 2023 are disclosed in Notes 8 and 15 to the financial statements.

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23. 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	
	2024 RM	2023 RM	2024 RM	2023 RM
Directors of the Company:				
Fees	540,000	540,000	420,000	420,000
Salaries, allowance and bonus	639,200	687,933	9,200	9,600
Contributions to defined contribution plan	119,700	128,883	-	-
Social security contributions	743	705	-	-
ESOS expenses	267,509	505,648	195,039	368,666
	<u>1,567,152</u>	<u>1,863,169</u>	<u>624,239</u>	<u>798,266</u>
Directors of the subsidiaries:				
Fees	60,000	60,000	-	-
	<u>1,627,152</u>	<u>1,923,169</u>	<u>624,239</u>	<u>798,266</u>
Key management personnel:				
Salaries, allowance and bonus	469,638	317,350	-	-
Contributions to defined contribution plan	50,454	30,719	-	-
Social security contributions	2,773	1,974	-	-
ESOS expenses	125,085	237,400	-	-
	<u>647,950</u>	<u>587,443</u>	<u>-</u>	<u>-</u>

24. CAPITAL COMMITMENT

	Group	
	2024 RM	2023 RM
Capital expenditure in respect of purchase of property, plant and equipment		
- Approved and contracted for	<u>3,189,441</u>	<u>11,573,017</u>

25. 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.

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 8 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.

25. FINANCIAL RISK MANAGEMENT (continued)

(ii) Liquidity risk (continued)

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 12, 13 and 15 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 8, 9 and 15 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 fixed deposits with licensed banks, short term funds, borrowings and lease liabilities. The Group borrows at floating rates of interest to generate the desired interest profile and to manage the exposure of the Group to interest rate fluctuations. Fixed deposits and short term funds of the Group are placed at fixed rates and management endeavours to obtain the best rate available in the market.

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Notes 9, 12 and 13 to the financial statements.

26. 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 2024 and 31 May 2023.

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 equity attributable to the owners of the Company.

	Group	
	2024 RM	2023 RM
Borrowings	17,255,122	8,062,246
Lease liabilities	274,343	604,623
Total debts	17,529,465	8,666,869
Total equity attributable to the owners of the Company	122,027,022	121,490,266
Debt-to-equity ratio	0.14	0.07

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 2024.

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27. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

27.1 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
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 112 <i>International Tax Reform - Pillar Two Model Rules</i>	Refer paragraph 98M of MFRS 112

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

27.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2024

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
Amendments to MFRS 107 and MFRS 7 <i>Supplier Finance Arrangements</i>	1 January 2024
Amendments to MFRS 16 <i>Lease liability in a sale and leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025
Amendments to MFRS 9 and MFRS 7 <i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
MFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
MFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

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

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 2024 (RM'000)
No. 22A, Jalan TTC 28, Taman Teknologi Cheng, 75250 Melaka	Description: 1 unit of double storey office together with single storey detached factory* Existing use: Factory and office	28,901.10	39,037.00	19	99 years expiring on 14 August 2096 (remaining tenure 72 years)	05/11/2003	1,372
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	19	99 years expiring on 14 August 2096 (remaining tenure 72 years)	05/11/2003	1,119
No. 38, Jalan TTC 28, Taman Teknologi Cheng, 75250 Melaka	Description: 1 unit of single storey detached factory** Existing use: Factory	27,501.80	35,385.28	6	99 years expiring on 14 August 2096 (remaining tenure 72 years)	03/05/2016	2,910
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	The built-up area of 35,385.28 sq. ft. (as above) is for both units No. 38, Jalan TTC 28, Taman Teknologi Cheng, 75250 Melaka and No. 37, Jalan TTC 29, Taman Teknologi Cheng, 75250 Melaka	5	99 years expiring on 14 August 2096 (remaining tenure 72 years)	03/05/2016	3,408
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 hostel Existing use: Warehouse and foreign workers' hostel	21,958.00	14,815.02	17	99 years expiring on 14 August 2096 (remaining tenure 72 years)	23/08/2017	2,479

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

** The single storey detached factory is built across adjoining No. 38, Jalan TTC 28, Taman Teknologi Cheng, 75250 Melaka and No. 37, Jalan TTC 29, 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 2024 (RM'000)
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	19	99 years expiring on 14 August 2096 (remaining tenure 72 years)	30/12/2009	935
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	17	99 years expiring on 14 August 2096 (remaining tenure 72 years)	14/09/2018	6,010
Lot 8522, Jalan TTC 29, Taman Teknologi Cheng, 75250 Melaka	Description: 1 unit of 4-storey factory, together with warehouse and hostel*** Existing use: Factory, warehouse and foreign workers' hostel	9,999.67	41,684.32	0	99 years expiring on 14 August 2096 (remaining tenure 72 years)	17/08/2022	3,495
Lot 8523, Jalan TTC 29, Taman Teknologi Cheng, 75250 Melaka	Description: 1 unit of 4-storey factory, together with warehouse and hostel*** Existing use: Factory, warehouse and foreign workers' hostel	9,999.67	The built-up area of 41,684.32 sq. ft. (as above) is for both units Lot 8522, Jalan TTC 29, Taman Teknologi Cheng, 75250 Melaka and Lot 8523, Jalan TTC 29, Taman Teknologi Cheng, 75250 Melaka	0	99 years expiring on 14 August 2096 (remaining tenure 72 years)	17/08/2022	3,495
3, Jalan TU 50, Taman Tasik Utama, Bukit Baru, 75450 Hang Tuah Jaya, Melaka	Description: 1 unit of single storey detached factory ⁽ⁱ⁾ annexed with a 1 unit of double storey office Existing use: Factory and office	128,090.53	20,697.96 (Existing)	20	99 years expiring on 29 March 2097 (remaining tenure 73 years)	21/09/2023	7,934

Note:

***The 4-storey factory and officer, together with warehouse and hostel are built across adjoining Lot 8522, Jalan TTC 29, Taman Teknologi Cheng, 75250 Melaka and Lot 8523, Jalan TTC 29, Taman Teknologi Cheng, 75250 Melaka

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

Analysis Of Shareholdings

Analysis Of Shareholdings

As At 30 August 2024

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	0.25	100	0.00
100 to 1,000 shares	417	14.86	273,500	0.07
1,001 to 10,000 shares	1,324	47.18	7,618,200	1.96
10,001 to 100,000 shares	889	31.68	32,342,300	8.33
100,001 to 19,421,499 shares (*)	166	5.92	97,510,040	25.10
19,421,500 shares and above (**)	3	0.11	250,685,860	64.54
Total	2,806	100.00	388,430,000	100.00

Notes:

* Less than 5% of issued shares

** 5% and above of issued shares

Substantial Shareholders

As At 30 August 2024

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 2024

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 2024

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	3,475,800	0.89
8	Ji Yeh Ming	3,000,000	0.77
9	RHB Capital Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Ooi Lee Peng)	2,897,500	0.75
10	Chong Tong Siew	2,753,700	0.71
11	Tan Kok Choon	2,512,900	0.65
12	RHB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Ji Jock Wah)	1,756,600	0.45
13	Chai Pin Koon	1,735,900	0.45
14	Yap Kian Yen	1,626,900	0.42

Analysis Of Shareholdings

Thirty Largest Shareholders
As at 30 August 2024

No.	Name of holders	No. of Shares	%
15	Chu Beng Han	1,600,000	0.41
16	Ng Chet Luk	1,453,000	0.37
17	Tay Cheng Foo	1,205,300	0.31
18	Maybank Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Piong Teck Yen)	1,123,900	0.29
19	Liu Chong Yew	1,080,000	0.28
20	RHB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Ooi Lee Peng)	954,800	0.25
21	See Boon Seng	825,000	0.21
22	RHB Capital Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Goh King Kok)	740,000	0.19
23	Chai Chan Yoong	718,200	0.19
24	RHB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Chai Pin Koon)	707,700	0.18
25	Tan Tiam Peng	701,700	0.18
26	IFAST Nominees (Tempatan) Sdn Bhd (Tan Tiam Peng)	657,000	0.17
27	Soh Swee See	650,000	0.17
28	Teng Chee Kang	637,800	0.16
29	Ikhwan Muda Sdn Bhd	636,600	0.16
30	RHB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Piong Teck Yen)	630,000	0.16
Total		313,511,300	80.71



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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Sixth Annual General Meeting of the Company will be convened and held at Allusive Ballroom – Level 3, The Straits Hotel & Suites, No 1-B, Jalan Melaka Raya 2, Taman Melaka Raya, 75000 Melaka, Malaysia on Friday, 8 November 2024 at 11.00 a.m. for the following purposes:-

AGENDA

As Ordinary Business

- To receive the Audited Financial Statements for the financial year ended 31 May 2024 together with the Reports of the Directors and the Auditors thereon.
- 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 9 November 2024 until the conclusion of the next Annual General Meeting (“AGM”) of the Company, to be paid monthly in arrears.
- To re-elect the following Directors who are retiring pursuant to Clause 76(3) of the Constitution of the Company: -

(i)

Mr Philip Goh Teck Siang; and

(ii)

Madam Ng Soh Hoon.
- To re-appoint BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.

(Please refer to Note 8)

Ordinary Resolution 1

Ordinary Resolution 2
Ordinary Resolution 3

Ordinary Resolution 4

As Special Business

To consider and, if thought fit, to pass the following resolutions: -

- 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(3) 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 that which may be declared, made or paid before the date of allotment of such new shares.”

Ordinary Resolution 5

6. To transact any other business for which due notice shall have been given in accordance with the Act.

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: 24 September 2024

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 30 October 2024 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 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.
9. Explanatory Notes: –

(i) **Ordinary Resolution 1 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:-

<u>Directors</u>	<u>Amount (RM)</u>
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 2 and 3 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 3 are set out in the Directors’ profiles of the Annual Report 2024.

The performance, contribution, effectiveness and independence (as the case may be) of the retiring Directors, namely Mr Philip Goh Teck Siang and Madam Ng Soh Hoon (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 5 – Authority pursuant to Section 76 of the Act for the Directors to Allot and Issue Shares**

The Company had, during its Fifth AGM held on 27 October 2023, 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 5 proposed under item 5 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 5, 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(3) 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 Sixth Annual General Meeting of the Company to be convened and held at Allusive Ballroom – Level 3, The Straits Hotel & Suites, No 1-B, Jalan Melaka Raya 2, Taman Melaka Raya, 75000 Melaka, Malaysia on Friday, 8 November 2024 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 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 9 November 2024 until the conclusion of the next Annual General Meeting of the Company, to be paid monthly in arrears.	Ordinary Resolution 1		
2.	To re-elect Mr Philip Goh Teck Siang as Director.	Ordinary Resolution 2		
3.	To re-elect Madam Ng Soh Hoon as Director.	Ordinary Resolution 3		
4.	To re-appoint BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	Ordinary Resolution 4		
5.	To approve the authority pursuant to Section 76 of the Companies Act 2016 for the Directors to allot and issue shares.	Ordinary Resolution 5		

*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:**
- 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.*
 - 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.*
 - 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.*
 - 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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- 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.*
- 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.*
- 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 30 October 2024 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.*

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 Sixth Annual General Meeting dated 24 September 2024.

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



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