



REG.NO.201801043588(1305620D)

HPP HOLDINGS BERHAD

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MINUTES OF THE EXTRAORDINARY GENERAL MEETING OF HPP HOLDINGS BERHAD (“HPP” OR “THE COMPANY”) HELD AT 2ND FLOOR, 37, JALAN TTC 29, TAMAN TEKNOLOGI CHENG, 75250 MELAKA, MALAYSIA ON FRIDAY, 5 JANUARY 2024 AT 11.00 A.M.

PRESENT

DIRECTORS:-

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

IN ATTENDANCE

- | | |
|------------------|---------------------|
| Mr Lim Seng Koon | - Company Secretary |
|------------------|---------------------|

SHAREHOLDERS AND PROXIES

As per Attendance List

BY INVITATION

As per Attendance List

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

INTRODUCTION BY THE CHAIRMAN

The Chairman, Mr Lau Tee Tee @ Lau Kim Wah welcomed all Members and invitees present at the EGM of the Company. The Chairman thereafter introduced the Board of Directors, the Company Secretary and Chief Financial Officer of the Company to all present.

QUORUM

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

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The Company Secretary informed the Meeting that the Company had received in total three (3) proxy forms from shareholders for a total of 200,897,730 ordinary shares representing 51.72% of the total number of issued shares of the Company.

NOTICE

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

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

The Members were encouraged to participate, speak and vote for the resolution at the EGM.

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

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

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

The Chairman also informed that the polling process would be conducted following the deliberation of the item set out in the Agenda.

PROPOSED VARIATION AND EXTENSION OF TIMEFRAME FOR THE UTILISATION OF PROCEEDS RAISED FROM THE PUBLIC ISSUE UNDER THE INITIAL PUBLIC OFFERING ("PROPOSED VARIATION AND EXTENSION")

The Chairman went through the motion set out in the Notice of the EGM. The Circular to Shareholders dated 19 December 2023 encompassing details and rationale for the Proposed Variation and Extension has been circulated to all shareholders for the prescribed period.

QUESTION AND ANSWER SESSION

It was noted that the Company had received questions from a shareholder, Mr Chan Fung Han prior to the Meeting. The questions raised were succinctly addressed by the Chairman. The salient questions raised and relevant answers were as follows: -

(1)(a) How does HPP view the demand from the electrical and electronics ("E&E") industry in near term? Is the full recovery in sight?

We observe that there has been a slowdown in the recovery of E&E industry. However, we are pursuing to secure new customers in this industry and expect the additional new orders in the next six (6) months.

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(1)(b) What is the current average production capacity utilisation rate of the plants and production lines?

As at 31 August 2023, the average production capacity utilisation rate is about 60%.

(1)(c)(i) What is the current status of the construction of a 4-storey factory and foreign workers' hostel?

The construction of our factory and hostel was completed in December 2023. The Certificate of Completion and Compliance for the 4-storey factory and foreign workers' hostel will be obtained in first quarter of 2024. This factory will be used as manufacturing site for production of paper packaging box and rigid boxes.

(1)(c)(ii) What is the current status of the construction of a new factory for the manufacturing of rigid boxes?

The application of Certificate of Completion and Compliance for the new factory is expected to be obtained by first quarter of 2024, the production of rigid boxes will commence accordingly during that period.

(1)(c)(iii) What is the current status of the commencement of the operations for paper pulp moulded packaging products?

Our first production line for paper pulp moulded packaging commenced in November 2023.

The construction of the factory for the expended two (2) production lines for the paper pulp moulded packaging products is currently at 50%. We expect these additional production lines to be operational within the next nine (9) months.

(2) Page 4 of the Circular to Shareholders states that the current production capacity of the standard format printing machines is expected to adequately meet its customers' demand in the near future.

(2)(a) Is it indicating that the existing product offerings by HPP using standard format printing machines are having limited growth potential?

The current production capacity of our standard format printing machines is at about 65%. We expect to increase the utilisation of the available capacity in the near future.

(2)(b) Does HPP have any plan to purchase additional standard format machines in near future?

Whilst we are optimistic in growing this product segment further, additional investment in the production capacity of the standard format printing machine will be evaluated when the expected customer demands justifies in line with our investment criteria and parameters.

(3)(a) Is it true to say the paper pulp moulded packaging products are considered as premium products? What are the estimated pricing, costing, and margin of these paper pulp moulded packaging products?

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The products produced by wet hot press production line mostly cater for premium paper pulp moulded packaging depending on the type and quality of raw material used.

The dry hot press production complements this demand and the products produced are more focused in meeting the functional requirements of the customers' products.

We are unable to provide specific details in costing and profit margin that is not publicly available. However, we expect that the average margin of this paper pulp moulded packaging product to be at least the same level of the average margin that HPP is achieving.

- (3)(b) How many customers and orders that HPP had secured to-date for the paper pulp moulded packaging products? And how many customers and orders are in the pipeline? Are they existing customers of HPP or new customers that HPP has successfully secured? Is the paper pulp moulded packaging products business currently breakeven?**

Our paper pulp product customers consist of existing customers and new customers. We have currently obtained the customers' two (2) months rolling forecast. With the current production and the two (2) months rolling forecast, our existing production line of paper pulp is expected to reach breakeven.

- (4)(a) Why is the dry hot press paper pulp moulded packaging machine having about 7 times additional production capacity (2,472 metric tonnes) compared to the wet hot press paper pulp moulded packaging machine (360 metric tonnes)?**

Dry hot press process has shorter production time compared to wet hot press process, and therefore higher production capacity. However, due to the high quality of the wet hot press products, the margins are also correspondingly higher.

- (4)(b) What is the cost of paper pulp moulded packaging machine for dry hot press and wet hot press respectively?**

Total cost for the two types machines is RM4.13 million. However, the dry hot press machine is more expensive than the wet hot press machine.

- (5) Working capital of RM3.55 million is intended for the purchase of raw materials and to undertake marketing/promotional activities for the paper pulp moulded packaging product.**

- (5)(a) Why are the marketing/promotional activities considered as working capital instead of sales and marketing expenses within the original proposed utilisation of Public Issue Proceeds?**

Our marketing/promotional activities are continuous activities. As mentioned under prospectus, sales and marketing expenses are restricted to participation in local and overseas tradeshows and exhibitions with inclusion of floor space rental, installation and dismantling of booth, and travelling accommodation expenses. Therefore, we are considering as if marketing capital we can explore more promotion option and flexibility through e-

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platform and other channel to advertise our products and not precisely being restricted on tradeshows and exhibitions.

(5)(b) How much are the estimated marketing/promotional activities to be incurred for the paper pulp moulded packaging product?

Our Company is planning to participate in international trade shows around the Asia with the intention to promote paper pulp moulded packaging products. As at this EGM, we are preparing to allocate RM0.50 million to this cause. Subsequently, we plan to have a fixed lump sum to be allocated yearly.

(6) Total capital commitments for both contracted and not contracted are total at RM14,044,000.

How to reconcile these capital commitments of RM14 million with the acquisition of machineries of RM4,380,000 as per the Circular to shareholders? What are the remaining RM9,664,000 capital commitments that HPP is purchasing or intended to purchase?

The total capital commitments consist of:

- i) Approved but not contracted for: RM 6.499 million
Represent balance standard format printing machine during Initial Public Offering, the amount will be changed upon the outcome of this EGM.
- ii) Approved and contracted for: RM 7.545 million
Represent balance contribution for:
 - a). 4-storey factory and hostel,
 - b). Paper pulp production factory; and
 - c). Purchase of other production machines.

After addressing the pre-meeting questions received from the shareholder, the Chairman then invited questions from the floor in respect of the Proposed Variation and Extension.

There being no further question raised on the Proposed Variation and Extension, the Chairman then informed the Meeting of the closure at questions and answers session.

POLLING PROCESS

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

The Chairman informed that the outcome of the poll would be announced after a break as it would take time to tabulate the results of the poll and invited the Members present for some refreshment. The EGM was then adjourned at 11.23 a.m. for the votes to be counted and to enable the Independent Scrutineers to tabulate the result of the poll.

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The Meeting resumed at 11.53 p.m. for the announcement of the results of the poll.

POLL RESULTS

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

Ordinary Resolution	Votes in favour		Votes against		Result
	No. of votes	%	No. of votes	%	
Proposed Variation and Extension	250,560,191	100.0000	0	0.0000	Carried

It was UNANIMOUSLY RESOLVED: -

THAT approval be and is hereby given to the Company for the variation of the utilisation of proceeds raised from the public issue under the initial public offering and extension of timeframe in the manner set out in the Circular to Shareholders of the Company dated 19 December 2023.

AND THAT the Board of Directors of the Company be and is hereby authorised to do all acts, deeds and things, and execute all necessary documents as they may consider necessary or expedient or in the best interest of the Company with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Variation and Extension.

CONCLUSION OF MEETING

There being no other business to be transacted, the Meeting concluded at 11.56 p.m. with a vote of thanks to the Chairman.

SIGNED AS A CORRECT RECORD

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CHAIRMAN