<u>PUBLIC PACKAGES HOLDINGS BERHAD</u>
Company No. 198701003743 (162413-K)
("PPHB" or the "Company")

Subject	**:**	**NEW ISSUE OF SECURITIES (CHAPTER 6 OF LISTING REQUIREMENTS) : BONUS ISSUE**
Description	:	**PUBLIC PACKAGES HOLDINGS BERHAD ("PPHB" OR THE "COMPANY") - PROPOSED BONUS ISSUE**
Contents	**:**	On behalf of the Board of Directors of PPHB (**"Board")**, Affin Hwang Investment Bank Berhad (**"Affin Hwang IB"**) wishes to announce that the Company proposes to undertake a bonus issue of up to 75,569,000 new ordinary shares in PPHB (**"PPHB Share(s)"** or **"Share(s)"**) (**"Bonus Share(s)"**) on the basis of two (2) Bonus Shares for every five (5) existing PPHB Shares held on an entitlement date to be determined and announced later (**"Entitlement Date"**) (**"Proposed Bonus Issue"**). Please refer to the attachment for further details. This announcement is dated 6 April 2022.

PUBLIC PACKAGES HOLDINGS BERHAD ("PPHB" OR THE "COMPANY")

PROPOSED BONUS ISSUE

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1. INTRODUCTION

On behalf of the board of directors of PPHB ("**Board**"), Affin Hwang Investment Bank Berhad ("**Affin Hwang IB**") wishes to announce that the Company proposes to undertake a bonus issue of up to 75,569,000 new ordinary shares in PPHB ("**PPHB Share(s)**" or "**Share(s)**") ("**Bonus Share(s)**") on the basis of two (2) Bonus Shares for every five (5) existing PPHB Shares held on an entitlement date to be determined and announced later ("**Entitlement Date**") ("**Proposed Bonus Issue**").

Further details on the Proposed Bonus Issue are set out in the ensuing sections.

2. DETAILS OF THE PROPOSED BONUS ISSUE

2.1 Basis and number of Bonus Shares to be issued

The Proposed Bonus Issue will entail the issuance of up to 75,569,000 Bonus Shares on the basis of two (2) Bonus Shares for every five (5) existing PPHB Shares held by the shareholders of PPHB whose names appear in the record of depositors of the Company as at the close of business on the Entitlement Date ("**Entitled Shareholders**").

The basis of two (2) Bonus Shares for every five (5) existing PPHB Shares was determined after taking into consideration, amongst others, the following:

(i) the potential adjustments to the share price of PPHB Shares arising from the Proposed Bonus Issue; and

(ii) the enlarged number of PPHB Shares after the Proposed Bonus Issue.

The Entitlement Date will be determined and announced at a later date after all the relevant approvals for the Proposed Bonus Issue have been obtained.

As at 31 March 2022, being the latest practicable date ("**LPD**") prior to the date of this announcement, the issued share capital of the Company is RM94,787,179 comprising 188,916,001 PPHB Shares. The Company also has 6,500 outstanding options granted ("**Outstanding Options**") under its share issuance scheme comprising the employee share option scheme ("**ESOS**") and employee share grant scheme ("**ESGS**") established on 6 October 2017, which are vested and exercisable prior to the Entitlement Date. For avoidance of doubt, the Company does not intend to further grant any ESOS options and/or ESGS shares to any eligible directors and employees until the completion of the Proposed Bonus Issue. Further, the Company does not hold any treasury shares as at the LPD.

The maximum number of Bonus Shares to be issued pursuant to the Proposed Bonus Issue was arrived at after taking into consideration the following:

(i) the issued share capital of the Company of RM94,787,179 comprising 188,916,001 PPHB Shares as at the LPD; and

(ii) assuming 6,500 Outstanding Options are exercised into new PPHB Shares prior to the Entitlement Date.

For illustrative purposes only, where applicable throughout this announcement, the pro forma effects of the Proposed Bonus Issue shall be based on the following scenarios:

Minimum Scenario	:	Assuming none of the 6,500 Outstanding Options are exercised into new PPHB Shares prior to the Entitlement Date
Maximum Scenario	:	Assuming 6,500 Outstanding Options are exercised into new PPHB Shares prior to the Entitlement Date

Pursuant to the Minimum Scenario and Maximum Scenario, the Proposed Bonus Issue would entail the issuance of 75,566,400 Bonus Shares and up to 75,569,000 Bonus Shares respectively. Upon completion of the Proposed Bonus Issue, the number of issued shares of the Company will increase to 264,482,401 PPHB Shares and up to 264,491,501 PPHB Shares under the Minimum Scenario and Maximum Scenario respectively. The actual number of Bonus Issue to be issued will depend on the number of issued share of the Company on the Entitlement Date.

Fractional entitlements arising from the Proposed Bonus Issue, if any, will be disregarded, and/or dealt with by the Board in such manner as it may in its absolute discretion deem fit or expedient and in the best interest of the Company.

The Proposed Bonus Issue will not be implemented on a staggered basis.

There will be an adjustment to the market price of PPHB Shares listed and quoted on the Main Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**") pursuant to the Proposed Bonus Issue. For illustrative purposes, the effects of the Proposed Bonus Issue on the share price of PPHB Shares are as follows:

	Before the Proposed Bonus Issue	**After the Proposed Bonus Issue**
	Volume weighted average price (“VWAP”) per Share (RM)	**Theoretical ex-bonus prices (“TEBP”) per Share (RM)**
Five (5)-day VWAP up to and including the LPD	0.750	0.536
Lowest three (3)-month daily VWAP up to and including the LPD	0.709	0.506
Highest three (3)-month daily VWAP up to and including the LPD	0.781	0.558

Further, pursuant to Paragraph 6.30(1A) of the Main Market Listing Requirements of Bursa Securities ("**Listing Requirements**"), the share price adjusted for the Proposed Bonus Issue shall not be less than RM0.50 based on the daily VWAP of PPHB Shares during the three (3)-month period before the application date. Accordingly, the Board confirms that the Proposed Bonus Issue is and will be in compliance with Paragraph 6.30(1A) of the Listing Requirements.

2.2 Capitalisation of reserves

The Proposed Bonus Issue shall be wholly capitalised from the Company’s retained profits account at RM0.50 for each Bonus Share.

The capitalisation from the Company’s retained profits will increase the issued share capital of the Company to a level which better reflects the current size and scale of operations and assets employed of PPHB and its subsidiaries (“**PPHB Group**” or “**Group**”).

For illustrative purposes, based on the Company's latest audited financial statements for the financial year ended ("**FYE**") 31 December 2021, the pro forma effects of the Proposed Bonus Issue on the retained profits of the Company are as follows:

	Audited as at 31 December 2021	
	Minimum Scenario	**Maximum Scenario**
Company level	**RM'000**	**RM'000**
Retained profits	74,903	74,903
Capitalisation for the Proposed Bonus Issue	(37,783)	(37,785)
After the Proposed Bonus Issue	**37,120**	**37,118**

Pursuant to Paragraph 6.30(2)(b) of the Listing Requirements, the Board confirms that the Company has sufficient reserves to cover the capitalisation of the Bonus Shares based on the latest audited financial statements of PPHB for the FYE 31 December 2021.

2.3 Ranking of the Bonus Shares

The Bonus Shares shall, upon allotment and issuance, rank equally in all respects with the existing PPHB Shares, save and except that the Bonus Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid, where the entitlement date is before the date of allotment and issuance of the Bonus Shares.

As PPHB Shares are prescribed securities under Section 14(5) of the Security Industry (Central Depositories) Act 1991, the Bonus Shares will be credited directly into the respective central depository system accounts of the Entitled Shareholders and no physical share certificates will be issued.

2.4 Listing of and quotation for the Bonus Shares

An application will be made to Bursa Securities for the listing of and quotation for up to 75,569,000 Bonus Shares to be issued pursuant to the Proposed Bonus Issue on the Main Market of Bursa Securities.

Upon obtaining all the necessary approvals as set out in Section 5 of this announcement, the Bonus Shares will be listed and quoted on the Main Market of Bursa Securities on the next market day after the Entitlement Date. The notices of allotment for the Bonus Shares will be issued and despatched to the Entitled Shareholders no later than four (4) market days after the date of listing of and quotation for the Bonus Shares, or such other period as may be prescribed by Bursa Securities.

3. RATIONALE FOR THE PROPOSED BONUS ISSUE

The Proposed Bonus Issue serves to reward the existing shareholders of the Company for their loyalty and continued support to PPHB Group.

After due consideration of the various options available, the Board is of the view that the Proposed Bonus Issue is an appropriate avenue for the Company to reward its shareholders as the Proposed Bonus Issue:

(i) will enable the existing shareholders to have greater participation in the equity of the Company in terms of the number of PPHB Shares held, whilst maintaining their percentage of equity interest in the Company; and

(ii) is expected to enhance the marketability and trading liquidity of PPHB Shares on the Main Market of Bursa Securities, thereby providing opportunity for greater participation from a broader range of investors.

4. EFFECTS OF THE PROPOSED BONUS ISSUE

4.1 Issued share capital

For illustrative purposes, the pro forma effects of the Proposed Bonus Issue on the issued share capital of the Company as at the LPD, are as follows:

	Minimum Scenario		Maximum Scenario	
	No. of Shares	RM'000	No. of Shares	RM'000
Issued share capital as at the LPD	188,916,001	94,787	188,916,001	94,787
PPHB Shares to be issued assuming full exercise of 6,500 Outstanding Options	-	-	(i)(ii)6,500	7
	188,916,001	94,787	188,922,501	94,794
PPHB Shares to be issued pursuant to the Proposed Bonus Issue	75,566,400	37,783	75,569,000	37,785
Enlarged issued share capital after the Proposed Bonus Issue	**264,482,401**	**132,570**	**264,491,501**	**132,579**

Notes:

(i) *Assuming 6,500 Outstanding Options are exercised into new PPHB Shares prior to the Entitlement Date as follows:*

No. of Outstanding Options	*Exercise Price (RM)*	*Amount (RM)*
6,500	*0.785*	*5,103*

(ii) *Including the reversal from the ESOS and ESGS reserve account to the share capital account arising from the exercise of 6,500 Outstanding Options.*

4.2 Net Assets ("NA"), NA per Share and gearing

For illustrative purposes, the pro forma effects of the Proposed Bonus Issue on the NA, NA per Share and gearing of PPHB Group based on the latest audited consolidated statement of financial position of PPHB as at 31 December 2021 are as follows:

Minimum Scenario

Group Level	Audited as at 31 December 2021 RM'000	(I) After the Proposed Bonus Issue RM'000
Share capital	94,787	(i)132,570
Revaluation reserve	4,929	4,929
ESOS and ESGS reserve	2	2
Fair value adjustment reserve	342	342
Foreign translation reserve	1,424	1,424
Retained profits	199,895	(i)(ii)162,007
Total equity/NA	**301,379**	**301,274**
No. of Shares in issue ('000)	188,916	(iii)264,482
NA per Share (RM)	**1.60**	**1.14**
Total borrowings (RM)	21,434	21,434
Gearing ratio (times)	**0.07**	**0.07**

Notes:

(i) *After the capitalisation of RM37,783,200 from the retained profits account pursuant to the Proposed Bonus Issue.*

(ii) *After deducting the estimated expenses in relation to the Proposed Bonus Issue of approximately RM105,000.*

(iii) *After issuance of 75,566,400 Bonus Shares pursuant to the Proposed Bonus Issue.*

Maximum Scenario

Group Level	Audited as at 31 December 2021 RM'000	(I) Assuming full exercise of 6,500 Outstanding Options RM'000	(II) After (I) and the Proposed Bonus Issue RM'000
Share capital	94,787	(i)(ii)94,794	(iii)132,579
Revaluation reserve	4,929	4,929	4,929
ESOS and ESGS reserve	2	(ii)-	-
Fair value adjustment reserve	342	342	342
Foreign translation reserve	1,424	1,424	1,424
Retained profits	199,895	199,895	(iii)(iv)162,005
Total equity/NA	**301,379**	**301,384**	**301,279**
No. of Shares in issue ('000)	188,916	(i)188,923	(v)264,492
NA per Share (RM)	**1.60**	**1.60**	**1.14**
Total borrowings (RM)	21,434	21,434	21,434
Gearing ratio (times)	**0.07**	**0.07**	**0.07**

Notes:

(i) *Assuming 6,500 Outstanding Options are exercised into new PPHB Shares prior to the Entitlement Date.*

(ii) *Including the reversal from the ESOS and ESGS reserve account to the share capital account arising from the exercise of 6,500 Outstanding Options.*

(iii) *After the capitalisation of RM37,784,500 from the retained profits account pursuant to the Proposed Bonus Issue.*

(iv) *After deducting the estimated expenses in relation to the Proposed Bonus Issue of approximately RM105,000.*

(v) *After issuance of 75,569,000 Bonus Shares pursuant to the Proposed Bonus Issue.*

4.3 Earnings and earnings per Share ("EPS")

The Proposed Bonus Issue is not expected to have any effect on the earnings of PPHB Group for the financial year ending 31 December 2022. However, there will be a corresponding dilution in the EPS of PPHB Group for the financial year ending 31 December 2022 as a result of the increase in the number of PPHB Shares in issue arising from the Proposed Bonus Issue.

4.4 Substantial shareholders' shareholdings

The Proposed Bonus Issue will not have any effect on the percentage of shareholdings of the substantial shareholders of PPHB as the Bonus Shares will be allotted on a pro-rata basis to all shareholders of the Company. Accordingly, the number of PPHB Shares held by each substantial shareholder will increase proportionately as a result of the Proposed Bonus Issue.

The pro forma effects of the Proposed Bonus Issue on the substantial shareholders' shareholdings of PPHB based on the Company's Register of Substantial Shareholders as at the LPD are as follows:

Minimum Scenario

	As at the LPD				(I) After the Proposed Bonus Issue			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Fame Pack Holdings Sdn Bhd	77,541,720	41.05	-	-	108,558,408	41.05	-	-
Multiple Accomplishments Sdn Bhd	15,093,274	7.99	-	-	21,130,583	7.99	-	-
Koay Chiew Poh	7,283,394	3.86	(i)84,287,434	44.62	10,196,751	3.86	(i)118,002,407	44.62
Ooi Siew Hong	113,000	0.06	(i)84,287,434	44.62	158,200	0.06	(i)118,002,407	44.62

Note:

*(i) Deemed interested by virtue of Section 8 of the Companies Act 2016 ("**Act**") held through Fame Pack Holdings Sdn Bhd and Koay Boon Pee Holding Sdn Bhd.*

Maximum Scenario

	As at the LPD				(I) Assuming full exercise of 6,500 Outstanding Options				(II) After (I) and the Proposed Bonus Issue			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Fame Pack Holdings Sdn Bhd	77,541,720	41.05	-	-	77,541,720	41.04	-	-	108,558,408	41.04	-	-
Multiple Accomplishments Sdn Bhd	15,093,274	7.99	-	-	15,093,274	7.99	-	-	21,130,583	7.99	-	-
Koay Chiew Poh	7,283,394	3.86	(i)84,287,434	44.62	7,283,394	3.86	(i)84,287,434	44.61	10,196,751	3.86	(i)118,002,407	44.61
Ooi Siew Hong	113,000	0.06	(i)84,287,434	44.62	113,000	0.06	(i)84,287,434	44.61	158,200	0.06	(i)118,002,407	44.61

Note:

(i) Deemed interested by virtue of Section 8 of the Act held through Fame Pack Holdings Sdn Bhd and Koay Boon Pee Holding Sdn Bhd.

4.5 Convertible securities

As at the LPD, save for the 6,500 Outstanding Options, the Company does not have any other convertible securities.

5. APPROVALS REQUIRED

The Proposed Bonus Issue is subject to the approvals being obtained from the following:

(i) Bursa Securities for the listing of and quotation for up to 75,569,000 Bonus Shares to be issued pursuant to the Proposed Bonus Issue on the Main Market of Bursa Securities;

(ii) the shareholders of PPHB at an extraordinary general meeting of the Company to be convened; and

(iii) any other relevant authorities and/or parties, if required.

The Proposed Bonus Issue is not conditional upon any other corporate proposals undertaken or to be undertaken by the Company.

6. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

None of the directors, major shareholders, chief executive of the Company and/or persons connected with them have any interest, either direct or indirect, in the Proposed Bonus Issue, apart from their respective entitlements to the Bonus Shares as shareholders of PPHB, to which all other shareholders of PPHB are similarly entitled.

7. DIRECTORS' STATEMENT

The Board, after having considered all aspects of the Proposed Bonus Issue, including but not limited to the rationale and effects of the Proposed Bonus Issue, is of the opinion that the Proposed Bonus Issue is in the best interest of the Company and its shareholders.

8. ADVISER

Affin Hwang IB has been appointed as the Principal Adviser for the Proposed Bonus Issue.

9. APPLICATION TO THE RELEVANT AUTHORITIES

Barring any unforeseen circumstances, the application to Bursa Securities in relation to the Proposed Bonus Issue is expected to be submitted within two (2) months from the date of this announcement.

10. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all required approvals being obtained from the relevant authorities and/or parties, the Proposed Bonus Issue is expected to be completed in the second (2^{nd}) quarter of 2022.

This announcement is dated 6 April 2022.