

ORNAPAPER BERHAD

(Company No. 573695-W)

(Incorporated in Malaysia)

SUMMARY OF KEY MATTERS DISCUSSED AT THE SIXTEENTH ANNUAL GENERAL MEETING OF THE COMPANY HELD AT THE FUNCTION ROOM 2, LEVEL 2, HOLIDAY INN MELAKA, JALAN SYED ABDUL AZIZ, 75000 MELAKA ON FRIDAY, 25 MAY 2018 AT 10:30 A.M.

At the Sixteenth Annual General Meeting (“**16th AGM**”) of the Company held on 25 May 2018, the shareholders raised the following questions on the business and operations of the Group which were duly responded by the Mr. Sai Chin Hock, the Executive Director and Mr. See Wan Seng, the Chief Executive Director of the Company are summarised as follows:-

No.	Questions raised by Shareholder	Summary of the responses from the Management of the Company
1.	The Group’s current condition and the plant size.	<p>The Group continuously invests in machineries for replacement and expansion purpose.</p> <p>The Management informed that investment in machineries was to replace the obsolete machines with the purpose to increase the production capacity.</p> <p>The Management was also confident that the aforesaid investment for expansion would be repaid with the projection of increase in the sales volume.</p> <p>There are three (3) operation plants located in Melaka while the remaining plants are located in Johor Bahru, Batu Pahat, Ipoh respectively.</p>
2.	Increase in the cost price of raw material globally and the impact towards the Group’s overall performance.	<p>The increase in average selling price of corrugated boards and cartons boxes was resulted from the increase of cost price of raw material. The said increase was pass-through to customers as continuous efforts by the Group’s Sales and Marketing division in order to maintain the Group’s overall performance.</p> <p>The growth in revenue was mainly driven by the aforesaid increase together with volume of products demanded. The Group has projected that the demand of corrugated box would continue to increase.</p>

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(Key Matters Discussed at the Sixteenth Annual General Meeting held on 25 May 2018 - cont'd)

No.	Questions raised by Shareholder	Summary of the responses from the Management of the Company
3.	<ul style="list-style-type: none">- Raw material hedging.- Upstream activities.	<p>No raw material hedging was adopted by the Group in view of the bulk purchase of raw material with the price locked at the point of purchase.</p> <p>The Group has no intention to involve in the upstream level activities, i.e. waste paper bulk manufacturing and would only concentrate in the field which they are expert in. Hence they are not impacted by its price drop following the high rejection of waste paper manufacturing in China.</p>
4.	<p>Page 13 of the Annual Report 2017 stated that the main contributors of the Group's revenue are the electronic and electrical, food and beverage and furniture industries.</p> <p>Among the three (3) industries stated, which industry contributed the most to the Group?</p>	<p>Furniture industry, as the main contributor contributed approximately 80% of the Group's revenue, which is the industry's norm in Malaysia.</p>
5.	<p>Management's plan for the next stage of growth in achieving the competitive advantage in the industry.</p>	<p>The Group would continue to concentrate in doing their best by taking into considerations on the potential business opportunities arised with the current production capacity and headcount to maximise the stakeholders' value overall.</p>

All the resolutions tabled at the 16th AGM were duly passed by way of poll, the results of which had been announced to Bursa Malaysia Securities Berhad on 25 May 2018.