

ORNAPAPER BERHAD
[Registration No. 200201006032 (573695-W)]
(Incorporated in Malaysia)

SUMMARY OF THE KEY MATTERS DISCUSSED AT THE NINETEENTH ANNUAL GENERAL MEETING (“19TH AGM”) OF THE COMPANY HELD ON A FULLY VIRTUAL BASIS VIA TIIH ONLINE (<https://tiih.online>) AND DEEMED TO BE HELD AT THE BOARD ROOM OF THE COMPANY AT NO. 8998, KAWASAN PERINDUSTRIAN PERINGKAT IV, BATU BERENDAM, 75350 MELAKA ON FRIDAY, 11 JUNE 2021 AT 10:30 A.M. (“the Meeting”)

1. CHAIRMAN

Mr. Ang Kwee Teng (“**the Chairman**”) chaired the Meeting.

2. QUORUM

The Chairman confirmed that a quorum was present pursuant to Clause 97 of the Company’s Constitution, and thereafter declared the Meeting duly convened.

The Chairman informed all present that Bursa Malaysia Securities Berhad had made poll voting mandatory for any resolution to be passed at general meetings. With that, the Chairman demanded for a poll to be conducted accordingly.

3. RECEIPT OF THE AUDITED FINANCIAL STATEMENTS (“AFS”) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (“FYE 2020”) TOGETHER WITH THE REPORTS OF THE DIRECTORS AND THE AUDITORS THEREON

In view that the first item of the Agenda was meant for discussion only, the Chairman declared that the AFS for the FYE 2020 together with the Reports of the Directors and the Auditors thereon, be received.

4. QUESTIONS AND ANSWERS SESSION

The Chairman informed the Meeting that the Company has received some questions submitted by the shareholders and proxies via the text box during the Meeting. The Chairman then invited Mr. Sai Chin Hock (“**Mr. Sai**”), the Executive Director of the Company, to read out the questions and responses as follows:-

(a) Questions from Ms. Teh Siok Keng (*shareholder*)

- Is there any impact on the operations due to the ongoing COVID-19 lockdown since 1st June 2021?
- What is the current utilisation rate and if there is any plan to expand the capacity in the coming year? If so, by what percentage?
- Will there be any fund raising exercise for capacity expansion plan?

Mr. Sai replied as follows:-

- The Company has been expanding its capacity by investing into efficient machinery, including software and hardware, and the utilisation rate was at 75%. The usage of efficient machinery has enabled the Company to cut down its costs. In view thereof, the Company has no immediate plans for any fund-raising exercise at the moment.

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(b) Question from Ms. Kok Xiao Qing (*shareholder*)

- Does the Company have any plan to expand its business?

Mr. Sai replied as follows:-

- The Company will continue to be on the lookout for good investment opportunities to enhance the Company's value which in turn will enable the Company to provide better returns to its shareholders.

(c) Questions from various shareholders

- Hope the Board of Directors will give us faithful shareholders shopping vouchers or e-vouchers in this unprecedented times where we are looking for some kind of assistance.

Mr. Sai replied as follows:-

- The Company will endeavour to give better dividend pay-out to all shareholders instead of e-vouchers.

(d) Further Questions from Ms. Teh Siok Keng (*shareholder*)

- How is the demand outlook for the Company's products i.e. corrugated boxes and paper stationery?
- Any plans to turnaround the paper stationery segment and will there be further write-offs for this segment?
- Currently, the majority of revenue is from clients in which sector/industry? Are there any new clients?

Mr. Sai replied as follows:-

- The paper stationery segment has been badly affected by the COVID-19 pandemic since last year. The Company will continue to look into better solutions to tackle the issue.
- The Company has a policy to mitigate client concentration risk and therefore have diversified portfolio of clients in diversified industries/sectors.

(e) Question from Ms. Lee Suan Bee (*shareholder*)

- How much did the Company spend on the virtual AGM?

Mr. Sai replied as follows:-

- The Company spent around RM14,000/- on the virtual AGM.

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(f) Questions from Mr. Koh Beng Hock (*shareholder*)

- Did the COVID-19 pandemic helped to increase the Group's profit margin in view that there have been an increase in the usage of paper packaging material due to the high volume of online purchases and food delivery?
- Who are the Company's competitors in the same market in South East Asia?
- Is there any capacity expansion plan due to higher demand?
- Is there any dividend policy for the Company?

Mr. Sai replied as follows:-

- While the Company has its own e-commerce business, the sales volume from the said sector is low. This is mainly due to the fact that the Company's own clients will resell the Company's products online after purchasing from the Company. Nevertheless, the Company will look into improving its e-commerce business.
- In regard to the dividend policy, the Company will continue to increase its dividend pay-out to provide better returns to shareholders.

(g) Question from Mr. Seet Thiong Hong (*shareholder*)

- In view of the Nine Dragons Paper Limited's expansion into Malaysia by acquiring a paper mill in Bentong back in year 2019 and in the process of building a new intelligent plant as well as Oji Holdings Corporation's subsidiaries expansion plan in Malaysia plus other local competitors, the Company seems to be quite passive and no major or even minor development at all for the past years. May I understand the management's thoughts on this?

Mr. Sai replied as follows:-

- The Company may seems to be passive but it has a prudent financial policy. Muda Holdings Berhad had made a handsome profit in year 2020 due to its upstream business. However, the Company only produced paper board and cartons. Nevertheless, the strength of the Company comes from its diversified portfolio of clients.
- Nine Dragons Paper Limited, China's largest paper mill company, also has a different strategy and entered into the Malaysian market on a large scale with fully automated factories. In view that Nine Dragons Paper Limited may be purchasing waste papers from the local companies, the biggest competitor for Oji Holdings Corporation and Muda Holdings Berhad may be Nine Dragons Paper Limited in the future. On the other hand, the Company has its own supplier and therefore may have a better advantage in securing its papers. Nonetheless, the Company's primary focus at the moment is in improving its service and quality as well as diversification to serve its customers better.

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5. VOTING RESULTS

All the following resolutions were tabled at the Meeting. The resolutions were voted upon by poll and were duly passed with the detailed results of the poll as announced accordingly to Bursa Malaysia Securities Berhad on 11 June 2021:-

Resolution	
1	To approve the payment of Directors' fees amounting to RM340,000/- from 12 June 2021 until the Twentieth AGM of the Company.
2	To approve the payment of Directors' benefits payable up to an amount of RM28,000/-, from 12 June 2021 until the Twentieth AGM of the Company.
3	To re-elect Mr. Ang Kwee Teng, who is retiring in accordance to Clause 120 of the Company's Constitution and being eligible, has offered himself for re-election.
4	To re-elect Mr. Sai Ah Sai, who is retiring in accordance to Clause 120 of the Company's Constitution and being eligible, has offered himself for re-election.
5	To re-appoint Crowe Malaysia PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.
6	<u>Ordinary Resolution:</u> Authority to Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016.
7	<u>Ordinary Resolution:</u> Retention of Datuk Adillah Binti Ahmad Nordin as an Independent Non-Executive Director of the Company.
8	<u>Ordinary Resolution:</u> Retention of Mr. Siow Kee Yen as an Independent Non-Executive Director of the Company.
9	<u>Ordinary Resolution:</u> Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.
10	<u>Ordinary Resolution:</u> Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature.
11	<u>Ordinary Resolution:</u> Proposed Renewal of Authority for the Company to Purchase Its Own Shares.

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6. CONCLUSION

There being no other business to be transacted, the Chairman concluded the Meeting at 11:10 a.m. and thanked all present for their attendance.