Ornapaper

ANNUAL REPORT 2024

a socially responsible
business partner

Contents

Corporate Information

BOARD OF DIRECTORS	: Dr. Ang Kwee Teng (Executive Chairman) Mr. Sai Chin Hock (Executive Director) Mr. Sai Han Siong (Chief Executive Director) Mr. Lim Joo Song (Executive Director) Mr. Lim Kit Ming (Independent Non-Executive Director) Ms. Sean Ne Teo (Independent Non-Executive Director) Mr. Tan Chin Hwee (Independent Non-Executive Director) Mr. Sai Ah Sai (Non-Independent Non-Executive Director)
AUDIT COMMITTEE	Mr. Lim Kit Ming (Chairman) Ms. Sean Ne Teo Mr. Tan Chin Hwee
BOARD RISK MANAGEMENT COMMITTEE	Mr. Tan Chin Hwee (Chairman) Mr. Lim Kit Ming Ms. Sean Ne Teo
NOMINATION COMMITTEE	Mr. Lim Kit Ming (Chairman) Ms. Sean Ne Teo Mr. Tan Chin Hwee
REMUNERATION COMMITTEE	Ms. Sean Ne Teo (Chairperson) Mr. Lim Kit Ming Mr. Tan Chin Hwee
COMPANY SECRETARIES	Ms. Chua Siew Chuan (MAICSA 0777689) SSM PC No.: 201908002648 Ms. Yau Jye Yee (MAICSA 7059233) SSM PC No.: 202008000733
REGISTERED OFFICE	No. 60-1, Jalan Lagenda 5, Taman 1 Lagenda, 75400 Melaka. Tel: 606-2880220 Email: info@sshsb.com.my
CORPORATE OFFICE	No. 8998, Kawasan Perindustrian Peringkat IV, Batu Berendam, 75350 Melaka. Tel: 606-3355888 Fax: 606-3356988 Website: www.ornapaper.com
SHARE REGISTRAR	Aldpro Corporate Services Sdn. Bhd. 202101043817 (1444117-M) B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan. Tel: 603-9770 2200 Fax: 603-9770 2239 Email: admin@aldpro.com.my
AUDITORS	Crowe Malaysia PLT 201906000005 (LLP0018817-LCA) & AF 1018 Chartered Accountants 52, Jalan Kota Laksamana 2/15, Taman Kota Laksamana, Seksyen 2, 75200 Melaka. Tel: 606-2825995 Fax: 606-2836449
PRINCIPAL BANKER	RHB Islamic Bank Berhad
STOCK EXCHANGE LISTING	Main Market of Bursa Malaysia Securities Berhad

Profile of Directors

Dr Ang Kwee Teng

Age	: 75
Nationality	: Malaysian
Gender	: Male
Designation / Position in the Company	: Executive Chairman
Date of appointment	: 1 June 2023
Qualification	: Doctor of Business Administration (Specialization in Legal Administration) from City University of Paris
Work experience	: Director of Ornapaper Industry (M) Sdn Bhd (since 1995)
Directorship in other Public Companies & listed issuers	: None
Securities holding in the Company and its subsidiaries	: Direct - 25,000
	: Indirect - Nil
Family relationship with any directors and / or major shareholders of the Company	: None
Conflict of interest with the Company	: None
List of conviction for offences within the past 5 years	: None

Mr Sai Chin Hock

Age	: 76
Nationality	: Malaysian
Gender	: Male
Designation/ Position in the Company	: Executive Director
Date of appointment	: 26 January 2010
Qualification	: Bachelor of Commerce Degree from Nanyang University Singapore
Work experience	: Managing in various industries
Directorship in other Public Companies & listed issuers	: None
Securities holding in the Company and its subsidiaries	: Direct - Nil
	: Indirect - 37,885,219 shares
Family relationship with any directors and/ or major shareholders of the Company	: Uncle of Sai Han Siong and brother of Sai Ah Sai
Conflict of interest with the Company	: None
List of conviction for offences within the past 5 years	: None

Profile of Directors

Mr Tan Chin Hwee

Age	: 59
Nationality	: Malaysian
Gender	: Male
Designation / Position in the Company	: Independent Non-Executive Director; Chairman of Board Risk Management Committee; Member of Audit Committee, Nomination Committee and Remuneration Committee
Date of appointment	: 22 January 2014
Qualification	: Member of Malaysian Institute of Accountants; Bachelor of Accounting from University of Malaya
Work experience	: Audit Senior in Coopers & Lybrand (1991 to 1995); Manager in Ample Consult Sdn Bhd (1996 to 2000); Director of Ornapaper Industry (Batu Pahat) Sdn Bhd (1999 to 2008); Group financial controller of Ornapaper Berhad (2005 to 2007); Manager in KC Chia & Noor (2008 to 2013); Director of PI Secretarial Sdn Bhd (2015 - present)
Directorship in other Public Companies & listed issuers	: None
Securities holding in the Company and its subsidiaries	: Nil
Family relationship with any directors and / or major shareholders of the Company	: None
Conflict of interest with the Company	: None
List of conviction for offences within the past 5 years	: None

Mr Lim Kit Ming

Age	: 44
Nationality	: Malaysian
Gender	: Male
Designation / Position in the Company	: Independent Non-Executive Director; Chairman of Audit Committee and Nomination Committee; Member of Remuneration Committee and Board Risk Management Committee
Date of appointment	: 1 June 2023
Qualification	: Bachelor of Accounting from University of Malaya (2005); Membership from the Malaysian Institute of Accountants (“MIA”) (2008); Membership from the Malaysian Institute of Certified Public Accountants (“MICPA”) (2010)
Work experience	: Joined as Audit Associate and promoted to Audit Manager in Ernst & Young, Melaka (2005 - 2014); Joined as Audit Manager and promoted to Audit Partner cum Asistant Branch Manager in Cheng & Co., Melaka (2014 - 2017); Joined as Audit Partner until present in KY Siow & Co., (the firm converted into an LLP, namely KY Siow & Co PLT in January 2020) (2018 - present)
Directorship in other Public Companies & listed issuers	: None
Securities holding in the Company and its subsidiaries	: Direct - Nil : Indirect - Nil
Family relationship with any directors and / or major shareholders of the Company	: None
Conflict of interest with the Company	: None
List of conviction for offences within the past 5 years	: None

Profile of Directors

Ms Sean Ne Teo

Age	: 51
Nationality	: Malaysian
Gender	: Female
Designation/ Position in the Company	: Independent Non-Executive Director; Chairperson of Remuneration Committee; Member of Audit Committee, Nomination Committee and Board Risk Management Committee
Date of appointment	: 1 June 2023
Qualification	: Certificate of Third Level Accounting by the London Chamber of Commerce and Industry (LCCI); Certificate of Corporate Secretary by the Universiti Malaya Centre for Continuing Education
Work experience	: Conveyancing & litigation clerk in Nik Hussain & Partners Melaka (1992 - 1994); Joined as Secretarial Assistant and promoted to Manager in Securities Services (Holdings) Sdn Bhd (1994 - 2018); Joined as Manager and promoted to Director in Koh & Siow Management Services Sdn Bhd (2018 - present)
Directorship in other Public Companies & listed issuers	: None
Securities holding in the Company and its subsidiaries	: Direct - Nil : Indirect - Nil
Family relationship with any directors and/ or major shareholders of the Company	: None
Conflict of interest with the Company	: None
List of conviction for offences within the past 5 years	: None

Mr Sai Han Siong

Age	: 55
Nationality	: Malaysian
Gender	: Male
Designation / Position in the Company	: Chief Executive Director
Date of appointment	: 27 May 2016
Qualification	: Singapore - Cambridge Certificate - GCE 0 Level; Federal Institute of Technology - Civil Engineering Diploma; City and Guilds of London Institute - Certificate in Concrete practice
Work experience	: Supervisor in Sungai Way Construction Sdn Bhd (1995); Manager in Mega Quarry Products Sdn Bhd (1996 - 1999); Director of Mega Quarry Products Sdn Bhd (2012 - present)
Directorship in other Public Companies & listed issuers	: None
Securities holding in the Company and its subsidiaries	: Direct - 15,000 shares : Indirect - 38,467,543 shares
Family relationship with any directors and / or major shareholders of the Company	: Nephew of Sai Chin Hock and son of Sai Ah Sai
Conflict of interest with the Company	: None
List of conviction for offences within the past 5 years	: None

Profile of Directors

Mr Sai Ah Sai

Age	: 88
Nationality	: Malaysian
Gender	: Male
Designation / Position in the Company	: Director
Date of appointment	: 01 Jan 2018
Qualification	: -
Work experience	: Director of Perfect Food Manufacturing (M) Sdn Bhd (1995 to present); Director of Mega Quarry Products Sdn Bhd (2012 to present); Director of Julie's Manufacturing Sdn Bhd (2005 to present)
Directorship in other Public Companies & listed issuers	: None
Securities holding in the Company and its subsidiaries	: Direct - 120,000 shares
	: Indirect - 39,532,043 shares
Family relationship with any directors and / or major shareholders of the Company	: Brother of Sai Chin Hock and father of Sai Han Siong
Conflict of interest with the Company	: None
List of conviction for offences within the past 5 years	: None

Mr Lim Joo Song

Name	: Lim Joo Song
Age	: 54
Nationality	: Malaysian
Gender	: Male
Designation /Position in the Company	: Executive Director
Date of appointment	: 1 June 2023
Qualification	: Degree Holder of Political Science In National Taiwan University
Work experience	: Sales Executive - Ornapaper Industry (Batu Pahat) Sdn Bhd (1998 - 2001) Sales Manager - Ornapaper Industry (Batu Pahat) Sdn Bhd (2001 - 2005) General Manager - Ornapaper Industry (Batu Pahat) Sdn Bhd (2005 - 2009) General Manager - Ornapaper Industry (M) Sdn.Bhd. (2010 - July 2020) Chief Operations Officer - Ornapaper Industry (M) Sdn Bhd (2020 - present)
Directorship in other Public Companies & listed issuers	: Nil
Securities holding in the Company and its subsidiaries	: Direct - Nil
	: Indirect - 292,000 shares
Family relationship with any directors and / or major shareholders of the Company	: None
Conflict of interest with the Company	: None
List of conviction for offences within the past 5 years	: None

Profile of Key Management

Name	:	Bung Choon Kong
Age	:	65
Nationality	:	Malaysian
Gender	:	Male
Designation /Position in the Company	:	General Manager
Date of appointment	:	1 Aug 2009
Qualification	:	MCE
Work experience	:	Sales Supervisor - Eng Shuen Paper Industrial Co. (M) Sdn Bhd (1991 - 1992) Sales Executive - Eng Shuen Paper Industrial Co. (M) Sdn Bhd (1992 - 1994) Sales Manager - Eng Shuen Paper Industrial Co. (M) Sdn Bhd (1994 - 1998) Sales Manager - Ornapaper Industry (Perak) Sdn Bhd (1998 - 2007) Regional Manager - Ornapaper Industry (Perak) Sdn Bhd (2007 - 2009) General Manager - Ornapaper Industry (Perak) Sdn Bhd (2020 - present)
Directorship in other Public Companies & listed issuers	:	Nil
Family relationship with any directors and / or major shareholders of the Company	:	Nil
Conflict of interest with the Company	:	Nil
List of conviction for offences within the past 5 years	:	Nil

Name	:	Foo Chee Juin
Age	:	70
Nationality	:	Malaysian
Gender	:	Male
Designation /Position in the Company	:	Director/General Manager
Date of appointment	:	1 Aug 1999
Qualification	:	Higher School Certificate 1975 English College Johor Bahru (1968 - 1974) Associate Member of Institute of Bankers (London) (1975 - 1980)
Work experience	:	Company Secretary - PI Chua & Co. Sdn Bhd (1980 - 1989) Corporate General Manager - Polyplus Holding Berhad (1989 - 1995) Corporate General Manager - Century Bonds Sdn Bhd (1995 - 1997) Director - Genesis Packages Sdn Bhd (1997 - 1999) Director/General Manager - Ornapaper Industry (Johor) Sdn Bhd (1 Aug 1999 - present)
Directorship in other Public Companies & listed issuers	:	Nil
Family relationship with any directors and / or major shareholders of the Company	:	Nil
Conflict of interest with the Company	:	Nil
List of conviction for offences within the past 5 years	:	Nil

Profile of Key Management

Name	: Alan Kang Chee Hwee
Age	: 52
Nationality	: Malaysian
Gender	: Male
Designation /Position in the Company	: Assistant General Manager
Date of appointment	: 1 January 2012
Qualification	: SPM
Work experience	: Administration Officer - PCCS (1996 - 1997) Operating Officer - Hotel Carnival (1997 - 1998) Sales Executive - Fliplex Sdn Bhd (1998 - 2000) Production Planner - Chiga Light Industry (2000 - 2003) Sales Executive - Ornapaper Industry (Batu Pahat) Sdn Bhd (2003 - 2005) Senior Sales Executive - Ornapaper Industry (Batu Pahat) Sdn Bhd (2005 - 2010) Asst. Sales Manager - Ornapaper Industry (Batu Pahat) Sdn Bhd (2010 - 2011) Asst. General Manager - Ornapaper Industry (Batu Pahat) Sdn Bhd (2012 - Present)
Directorship in other Public Companies & listed issuers	: Nil
Family relationship with any directors and / or major shareholders of the Company	: Nil
Conflict of interest with the Company	: Nil
List of conviction for offences within the past 5 years	: Nil

Name	: Teng Say Yeong
Age	: 58
Nationality	: Malaysian
Gender	: Male
Designation /Position in the Company	: General Manager
Date of appointment	: 1 Jul 2009
Qualification	: SPM
Work experience	: Material Analysis Officer - Thomsam Audio, Muar (1986 - 1990) Director - Toli Packaging (KL) Sdn Bhd (1992 - 1996) Director - Tripack Packaging (M) Sdn Bhd (1996 - 2006) Sales Manager - Tripack Packaging (M) Sdn Bhd (2006 - 2009) General Manager - Tripack Packaging (M) Sdn Bhd (1 Jul 2009 - present)
Directorship in other Public Companies & listed issuers	: Nil
Family relationship with any directors and / or major shareholders of the Company	: Nil
Conflict of interest with the Company	: Nil
List of conviction for offences within the past 5 years	: Nil

Management Discussion and Analysis

GROUP'S BUSINESS OVERVIEW

The journey of Ornapaper Berhad ("Ornapaper") and its group of subsidiaries ("the Group") began with the incorporation of Ornapaper Industry (M) Sdn. Bhd. on 24 July 1990. From its humble beginnings operating out of rented premises as a manufacturer of corrugated cartons, the Group has since grown into one of Malaysia's premier suppliers of paper-based packaging solutions. In response to growing market demand and opportunities spurred by the economic boom of the early 1990s, the Group embarked on a continuous investment programme to modernise and expand its operations.

A pivotal milestone was achieved in October 1996 with the commissioning of a new high-technology production and development facility, enabling the Group to broaden its manufacturing capabilities to include corrugated boards. This strategic expansion marked Ornapaper's transition into a vertically integrated manufacturer of corrugated boards and cartons, strengthening its position within Malaysia's packaging industry. In 2002, Ornapaper Berhad was successfully listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"), further supporting its corporate growth and market presence.

The Group is involved in the manufacturing of corrugated boards and cartons boxes (paper packaging), the production of paper-based stationery products as well as the provision of logistics services. Ornapaper operates through its wholly owned subsidiaries in Malaysia, namely, Ornapaper Industry (M) Sdn. Bhd., Ornapaper Industry (Batu Pahat) Sdn. Bhd., Ornapaper Industry (Perak) Sdn. Bhd., Tripack Packaging (M) Sdn. Bhd., Quantum Rhythm Sdn. Bhd. ("Quantum") and Ornapaper Logistics Sdn. Bhd., as well as its partly owned subsidiary, namely, Ornapaper Industry (Johor) Sdn. Bhd, with each entity contributing to the Group's integrated value chain.

Ornapaper Logistics Sdn. Bhd., established and operational since August 2017, provides logistics services to support the Group's internal transportation needs, and contributed approximately 1% to the Group's total revenue in 2024. Meanwhile, Quantum, which is primarily involved in the production of paper-based stationery products, has consistently contributed approximately 6% of the Group's total revenue over the past few years. This revenue is derived from both the local market (approximately 53% of Quantum's sales) and the export market (approximately 47% of Quantum's sales).

The remaining subsidiaries, which collectively contributed 93% of the Group's total revenue in 2024, are primarily engaged in the design, manufacturing, and sale of corrugated boards and carton boxes. These operations serve a wide range of industries throughout Malaysia, including foods and beverages ("F&B"), electronics and electrical ("E&E"), furniture, rubber and plastics, hardware and steel, chemical products, healthcare, sports, textiles and garments, stationery and agriculture, as well as other stand-alone converters that do not operate their own corrugator facilities.

The Group specialises in delivering customised corrugated carton solutions and value-added services, leveraging its extensive industry expertise to adapt to a dynamic marketplace. Ornapaper offers a diverse range of corrugated packaging types, including regular slotted cartons ("RSC"), top and bottom ("T&B"), five panel folder ("FPF"), half slotted carton ("HSC"), full overlap slotted carton ("FOL"), L shape, H shape, nesting, corrugated pads and die-cut products. Additionally, the Group supplies measuring cardboard boxes and corrugated flutes, available in single face, single wall, double wall and triple wall configurations, each tailored to meet the varying requirements of its diverse clientele.

Management Discussion and Analysis

Recognised as one of Malaysia's leading manufacturers and suppliers of corrugated boards and cartons, the Group upholds rigorous quality and environmental standards, certified under ISO 9001 Quality Assurance Manual and ISO 14001:2015. The Quality Assurance laboratories of the Group are equipped with precision testing equipment and apparatus in facilitating the Quality Assurance team to ensure consistent product standards across all production stages. The Group remains committed to leveraging internal synergies to deliver superior product quality and service efficiency. The Group believes that quality drives performance, and performance reflects quality, underscoring its continuous investment in machinery upgrades and technological advancements to sustain its competitive edge.

Ornapaper aims to be a premier provider of packaging and related solutions serving the packaging needs of the contemporary manufacturing sector, by improving and strengthening the Group's core operational competencies. This is achieved through an unwavering focus on operational excellence, production efficiency, the development of a skilled workforce through recruitment and training, and the strategic procurement of high-quality, cost-effective raw materials. Products are tailored to meet specific customer requirements, reflecting Ornapaper's unwavering commitment to uncompromising quality, responsive service, and an optimal balance between cost efficiency and product value.

Backed by advanced manufacturing automation and a strong focus on innovation, the Group consistently delivers top-tier corrugated boards and packaging solutions that meet and exceed customer expectations, thereby raising industry standards in Malaysia. With a network of strategically located service points across Peninsular Malaysia, Ornapaper ensures the provision of excellent services and prompt delivery of superior products, underscoring the unwavering commitment to customer satisfaction and delight. Our reputation as a purveyor of premium products, complemented by exceptional customer service and competitive pricing, has garnered strong support from a broad and loyal customer base. The Group continues to foster growth through progressive management practices, technical upskilling, and teamwork, driving continuous improvement in professionalism and operational capability.

In addition to operational excellence, sustainability is deeply embedded in Ornapaper's corporate philosophy. The Group is firmly committed to operating responsibly and harmoniously within society and the environment. It promotes recycling initiatives and enforces robust waste management practices to support the long-term resilience of its business operations. As the business landscape becomes increasingly complex, Ornapaper remains dedicated to leveraging the strength of teamwork to drive lasting impact. At the core of our organisational culture lies a commitment to integrity, transparency, objectivity, and accountability. These values foster a workplace environment that prioritises effective communication and collaboration, empowering our people to drive innovation, productivity, and sustained growth across the Group.

Despite facing a multitude of challenges amidst ongoing global and domestic economic uncertainties, the Group remains cautiously optimistic about its overall business prospects. Guided by a prudent and conservative management approach, we maintain vigilant oversight of our financial position, exercise disciplined cost management, and ensure robust cash flow management, thereby reinforcing our market resilience and operational efficiency. In navigating volatile economic conditions, the Group continues to embrace agile and forward-looking strategies, proactively seeking innovative solutions to strengthen our competitiveness. Through a steadfast focus on evolving customer needs and shifting market dynamics, the Group remains committed to identifying new avenues for growth and differentiation. These strategic priorities position the Group to achieve sustainable success, even in the face of adversity.

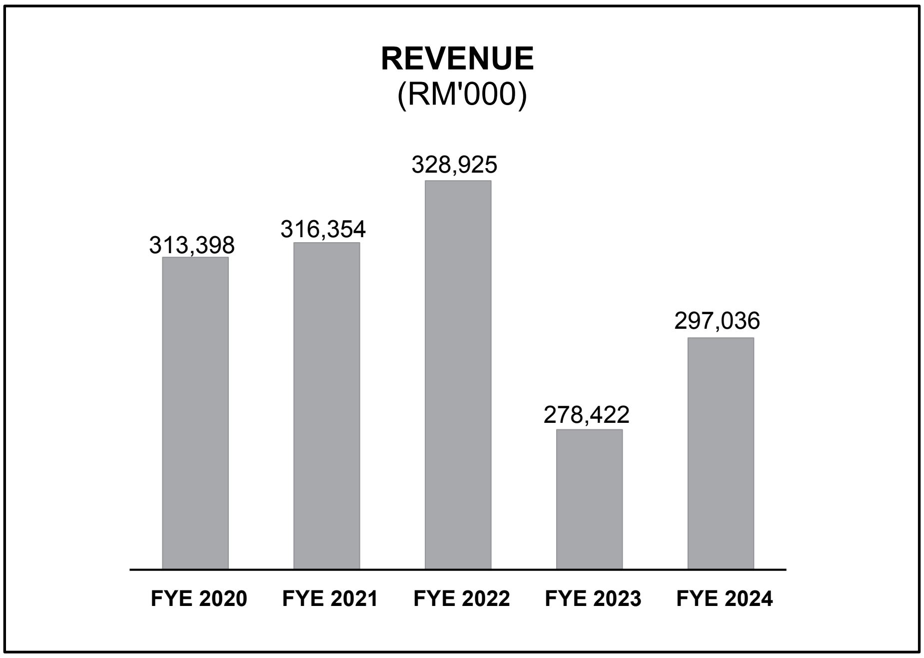
Management Discussion and Analysis

FINANCIAL REVIEW AND OPERATION REVIEW

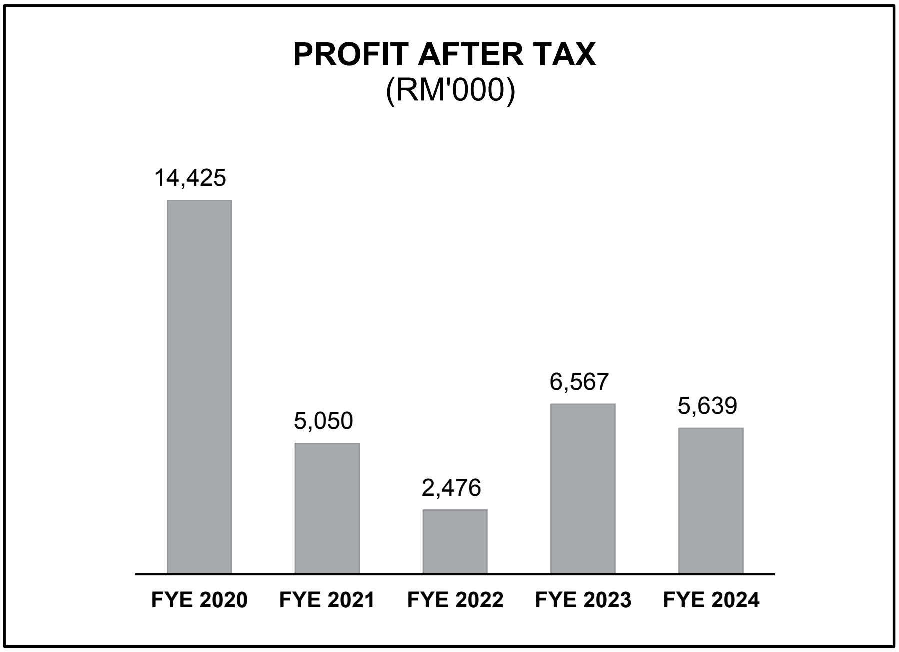
Financial Year Ended 31 December 2024 (“2024”) compared with Financial Year Ended 31 December 2023 (“2023”)

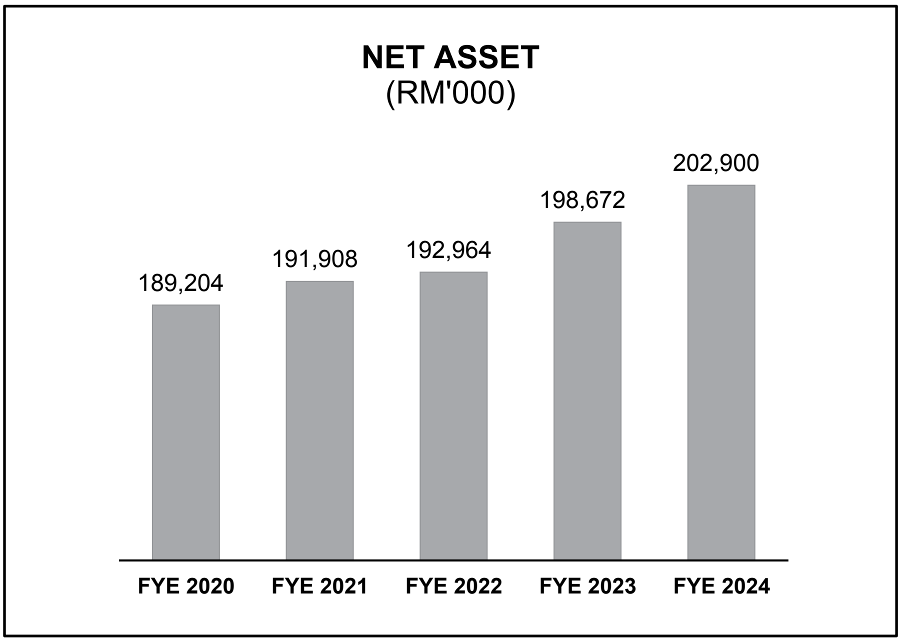
In RM'000 *(Unless otherwise stated)*	**FYE 2020**	**FYE 2021**	**FYE 2022**	**FYE 2023**	**FYE 2024**
REVENUE	313,398	316,354	328,925	278,422	297,036
GROSS PROFIT	49,172	36,455	33,585	36,125	37,352
PROFIT AFTER TAX *	14,425	5,050	2,476	6,567	5,639
NET ASSET	189,204	191,908	192,964	198,672	202,900
NET ASSET PER SHARE (RM) **	2.55	2.59	2.60	2.68	2.74
EPS BASIC (SEN)	19.5	6.8	3.3	8.9	7.6
DIVIDEND PER SHARE (SEN)	3.25	2.0	1.0	2.0	2.0

** Attributable to Owners of Parent.*
*** Exclude Treasury Shares.*

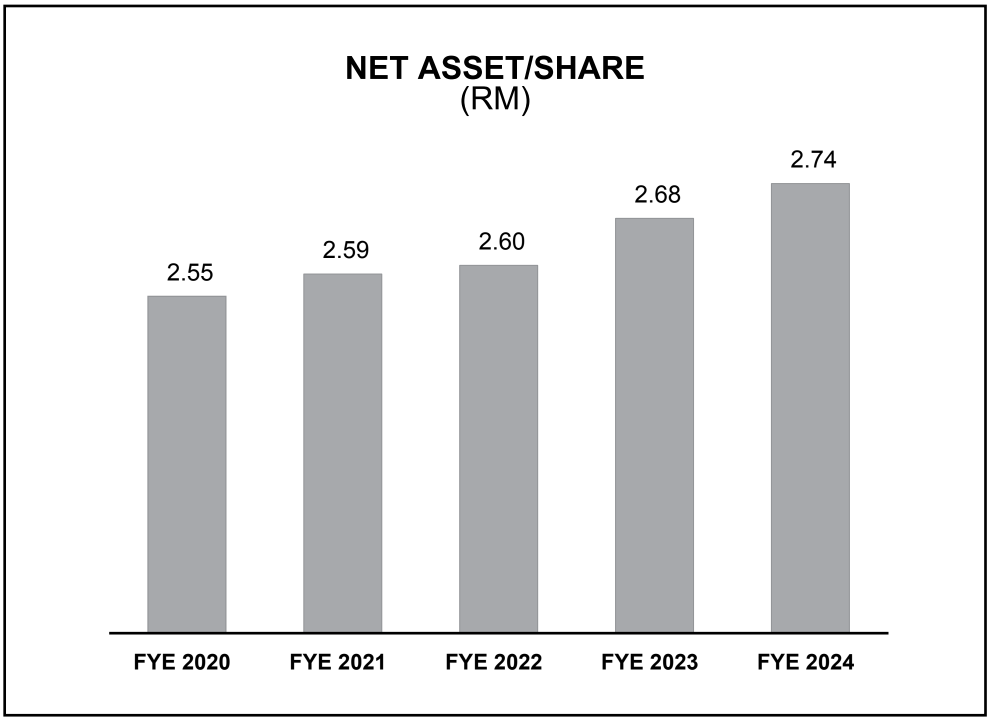


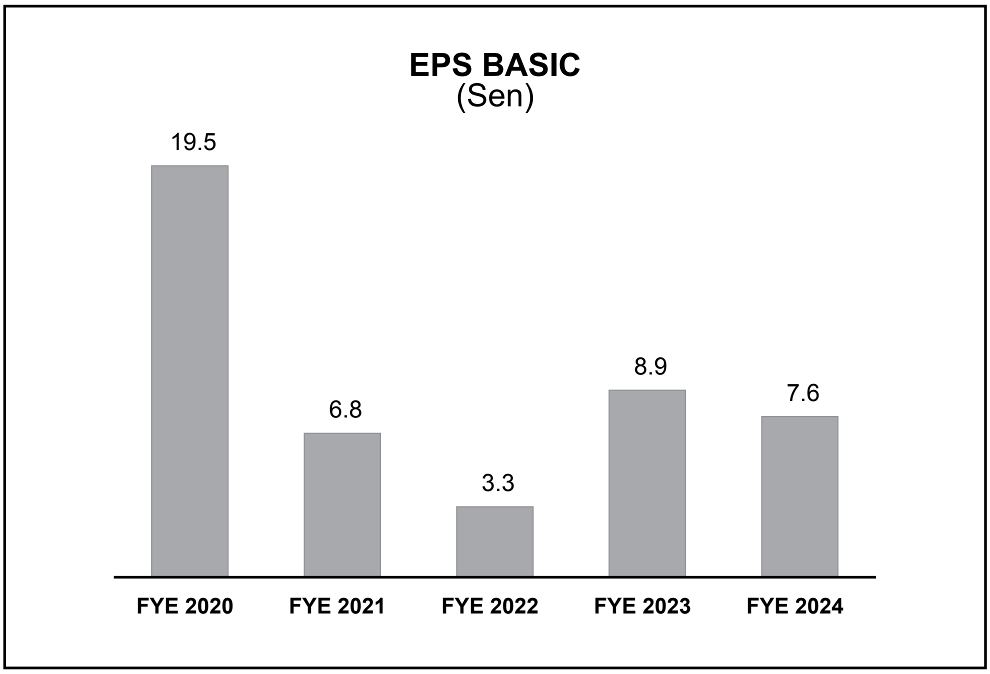
Management Discussion and Analysis



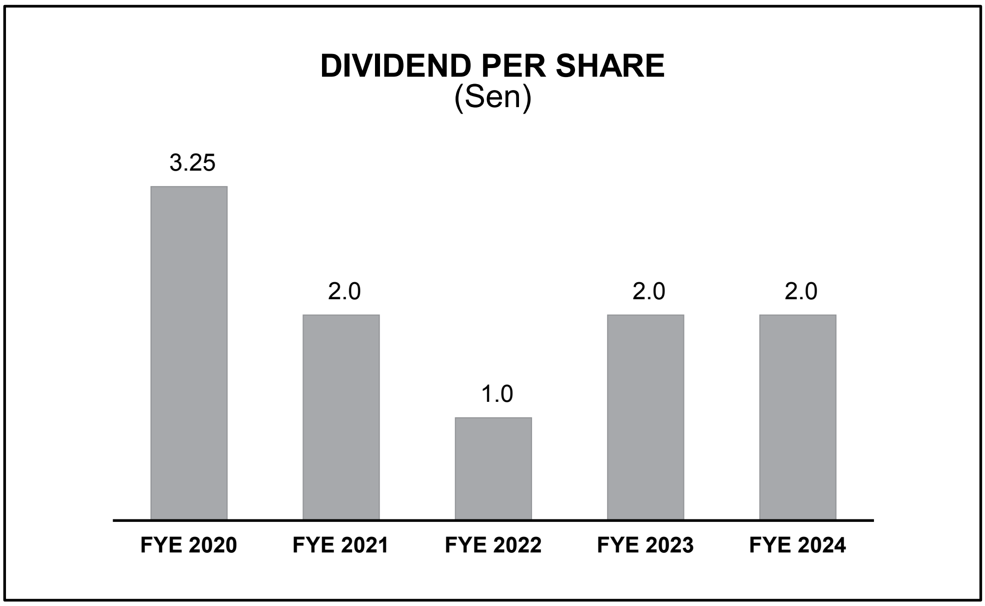


Management Discussion and Analysis





Management Discussion and Analysis



Revenue, Cost of Goods Sold and Gross Profit Margin

For 2024, the Group reported a revenue of RM 297.036 million, reflecting an increase of approximately RM 18.614 million, or 7%, compared to RM 278.422 million in 2023. This growth in revenue was primarily driven by an increase in net sales volume of approximately 10%, from 78,647 metric tonnes ("MT") in 2023 to 86,749 MT in 2024. Despite a slight reduction in the average selling price of both paper packaging and paper-based stationery products by approximately 3% from 2023 to 2024, which was partly influenced by the lower average purchase price of paper rolls (per MT), the Group effectively leveraged increased demand and volume across key markets to maintain a positive revenue trajectory. This sales growth highlights the Group's agility in responding to a complex operating environment shaped by both global and local challenges, including inflationary pressures, supply chain disruptions, political uncertainty, intensified pricing competition, and evolving customer preferences.

The paper packaging division continued to be the cornerstone of the Group's business, contributing more than 90% of total revenue. Key industries such as the F&B, furniture, rubber and plastic, and E&E sectors remained the primary markets served, accounting for about 57% of the Group's total sales in 2024. Additionally, the Group's strategic focus on enhancing its product mix, especially the increased contribution from premium cartons and customised packaging solutions, allowed it to better meet evolving customer needs and add value to its offerings. This strategic shift towards higher-margin products helped cushion the impact of a softer pricing environment.

On the cost side, the Group's cost of goods sold rose to RM 259.684 million in 2024, an increase of approximately RM 17.387 million or 7% compared to RM 242.297 million in 2023. This increase was primarily driven by a higher volume of paper rolls consumed as a result of the higher sales volume in 2024. Although there was a slight reduction in the average purchase price of paper rolls (per MT), the greater quantity of paper rolls needed to meet the production and sales demand contributed to the higher overall material cost. Paper rolls, being the largest cost component of both paper packaging and paper-based stationery products, continued to be the most significant driver of the Group's cost of goods sold.

Management Discussion and Analysis

Despite ongoing cost pressures, the Group achieved a gross profit of RM 37.352 million in 2024, marginally higher than RM 36.125 million recorded in 2023. The gross profit margin for both years remained relatively consistent at approximately 13%. This stability was achieved despite a reduction in average selling price during the year, which was effectively offset by an improved product mix and continued focus on operational efficiencies. The Group's ability to maintain its gross profit margin amidst challenging pricing dynamics underscores its commitment to process optimisation, economies of scale, and value-added solutions to preserve margins and sustain profitability.

The broader global economic landscape in 2024 remained challenging, characterised by persistent inflation, escalating input costs, and geopolitical uncertainties affecting key markets. These factors continued to exert pressure on both supply chain stability and market demand. In response, the Group is intensifying initiatives to explore new markets, streamline operations, and enhance cost management. Notably, the Group is actively seeking to expand its footprint in high-end printing cartons, which offer better margins than standard products. Through this targeted strategy, which is centred on operational excellence, market diversification and customer-centric innovation, the Group remains well-positioned for long-term growth and value creation.

Other Income

Other income for 2024 increased significantly to RM 3.812 million, compared to RM 2.287 million recorded for 2023, representing a growth of approximately RM 1.525 million or 67%. This notable increase was primarily driven by higher other operating income, which rose by approximately RM 1.014 million or 80%, from RM 1.274 million for 2023 to RM 2.288 million for 2024.

The higher other operating income was mainly attributable to a higher gain on disposal of property, plant and equipment in 2024, which amounted to approximately RM 0.610 million in 2024 compared to RM 0.134 million in the preceding year. The increase in other operating income further supplemented by the compensation claims received from suppliers for materials purchased as well as the new rental income following the lease of a factory that commenced in the middle of 2024.

Furthermore, the interest income also contributed to the overall increase in other income, rising by approximately RM 0.511 million or 50%, from RM 1.013 million in 2023 to RM 1.524 million in 2024. Such increase was mainly due to higher deposit placements with financial institutions and greater returns generated through the utilisation of auto-sweep banking facilities. Overall, the increase in other income reflects the Group's continued efforts to optimise its non-operating income streams and enhance its financial resilience amidst a dynamic and challenging business environment.

Costs and Expenses

(a) Other expenses increased by approximately RM 1.661 million or 24%, from RM 7.023 million for 2023 to RM 8.684 million for 2024. The increase was mainly attributable to several non-recurring and operating cost factors. Notably, impairment losses on plant and equipment were recognised in 2024 amounting to approximately RM 0.337 million, whereas no such impairment was recorded in the prior year. In addition, legal and stamp duty expenses incurred in connection with term loan facilities drawn for the acquisition of two industrial leasehold lands during the year also contributed to the overall increase. The increase was also driven by higher expatriate-related expenses, following the recruitment of more foreign workers during the year. These included increased expenditures on levy payments, medical examinations under FOMEMA, visa processing, and other associated regulatory compliance costs.

Management Discussion and Analysis

(b) Administrative expenses increased moderately by approximately RM 0.987 million or 6%, from RM 16.367 million for 2023 to RM 17.354 million for 2024. The increase was mainly attributable to higher payroll-related expenses incurred during the year, reflecting adjustments in employee salaries, performance bonus provisions, and statutory contributions such as the Employees Provident Fund ("EPF"). The higher employee-related expenses underscore the Group's continued investment in human capital, aimed at improving talent retention and maintaining competitive compensation structures to support its operational growth and workforce stability.

Profit Attributable to Owners of the Company

Profit attributable to owners of the Company decreased by approximately RM 0.928 million or 14%, from RM 6.567 million in 2023 to RM 5.639 million in 2024. This decline occurred despite a slight improvement in profit before taxation, which increased by approximately RM 0.201 million or 3%, from RM 7.578 million in 2023 to RM 7.779 million in 2024.

The decrease in net profit was primarily due to a higher overall income tax expense during the year, which increased by approximately RM 1.007 million or 95%, from RM 1.061 million in 2023 to RM 2.068 million in 2024. While current tax expense declined from RM 1.850 million in 2023 to RM 1.310 million in 2024, the overall tax charge rose due to higher deferred tax expenses, arising from the origination and reversal of temporary differences. Additionally, there was an increase in under-provision adjustments from prior years, further contributing to the higher tax expense.

Despite the impact of deferred tax, the Group continued to deliver stable operational performance and remains committed to enhancing long-term profitability. Its focus on operational efficiency, disciplined cost management, and strategic investments underscores the Group's commitment to long-term value creation and sustainable growth.

Property, Plant and Equipment, Investment Properties and Right-Of-Use Assets

The Group's total carrying value of property, plant and equipment, investment properties and right-of-use assets increased by approximately RM 7.940 million or 7%, from RM 118.680 million in 2023 to RM 126.620 million in 2024. The increase was primarily attributable to the Group's higher capital investment in new machinery during the year, reflecting the Group's ongoing efforts to enhance production capacity and support its long-term growth strategy.

The overall increase was mitigated by higher disposals of plant and machinery during the year, which amounted to approximately RM 0.455 million in 2024, compared to RM 0.017 million in the preceding year. In addition, the Group recognised impairment losses on plant and equipment of RM 0.337 million in 2024, whereas no such impairment was recorded in 2023.

Property Development Costs

The Group recorded property development costs of RM 33.023 million as at 31 December 2024, primarily arising from the strategic acquisition of two parcels of industrial leasehold land during the year.

Management Discussion and Analysis

Inventories

Inventories of the Group decreased by approximately RM 3.397 million or 7%, from RM 50.975 million in 2023 to RM 47.578 million in 2024. This decrease reflects the Group's continued focus on efficient inventory management and optimising working capital, while meeting the customers and production demands.

The decrease was partly attributable to lower average purchase prices of raw materials, particularly paper rolls, which constitute the largest cost component in the production of paper packaging and paper-based stationery products. The Group continued to strengthen its procurement planning and inventory management practices by adopting a more stringent and demand-driven approach to raw material procurement, where raw materials, especially paper rolls, were procured only when required based on actual production requirements. This approach enabled the Group to manage stock levels more effectively, reducing the risk of excess inventory while protecting margins and mitigating the impact of global price fluctuations and supply chain uncertainties.

The effectiveness of these efforts is evident in the Group's improved inventory turnover, with inventory turnover days reducing from an average of 84 days in 2023 to 69 days in 2024. This improvement demonstrates the Group's enhanced inventory efficiency and better stock control, aligned with its efforts to optimise working capital. The Group continues to adopt the First-In-First-Out ("FIFO") inventory method and maintains close monitoring of inventory levels to minimise holding costs and reduce the risk of stock obsolescence. No inventory write-downs were recorded during the year.

Looking ahead, the Group remains vigilant in monitoring raw material price movements, especially paper rolls, and will continue to balance inventory sufficiency with cost efficiency in support of sustainable operations and long-term shareholder value creation.

Trade Receivables

Trade receivables of the Group recorded an increase by approximately RM 6.378 million or 11%, from RM 58.735 million in 2023 to RM 65.113 million in 2024. This increase is in line with the higher revenue recorded during the year, primarily driven by an increase in net sales volume, particularly in the fourth quarter of 2024, despite lower average selling prices offered to customers compared to the preceding year.

Notably, the Group recorded an improvement in receivables efficiency during the year, with trade receivables turnover days (calculated as average trade receivables divided by total sales for the year) improving from an average of 82 days in 2023 to 76 days in 2024. This was achieved through enhanced credit control measures and the continued implementation of prompt payment incentives for selected customers, which collectively contributed to more timely collections. The higher year-end trade receivables balance also reflects timing differences, as a substantial portion of sales occurred towards the end of the year, with collections expected to fall into the next financial period in line with the Group's average credit terms of 60 to 90 days.

Amid ongoing global economic uncertainties and cautious market sentiment, the Group upheld a prudent and proactive approach to credit risk management. Credit policies continued to be applied conservatively, supported by regular reviews of customer creditworthiness and close monitoring of receivables to mitigate exposure to potential credit losses. No significant impairment was recognised during the year, reflecting the overall strength and recoverability of the Group's trade receivables portfolio.

Looking ahead, the Group will continue to maintain disciplined credit management practices while supporting sales growth, ensuring a balanced approach to revenue generation and effective credit risk mitigation.

Management Discussion and Analysis

Other Receivables, Deposits and Prepayments

Other receivables, deposits and prepayments of the Group decreased by approximately RM 4.949 million or 52%, from RM 9.489 million in 2023 to RM 4.540 million in 2024. The decline was mainly attributable to lower progressive payments and deposits made to vendors during the year, which amounted to approximately RM 2.616 million in 2024 compared to approximately RM 6.602 million in 2023. These payments were related to the Group's capital expenditure commitments, particularly for the purchases of land and machinery in support of its planned upgrade and capacity enhancement initiatives.

Trade Payables

Trade payables of the Group increased by approximately RM 0.342 million or 2%, from RM 18.193 million in 2023 to RM 18.535 million in 2024. This increase is primarily in line with the higher net sales volume achieved during the year, which required a greater consumption of raw materials, particularly paper rolls, a key cost component in the Group's operations. A key factor contributing to the increase in trade payables was the Group's strategic decision to procure a higher volume of paper rolls to meet the rising demand for its products. In doing so, the Group leveraged favourable credit terms from local supplier who extended a 60-day credit period. This is in contrast to the shorter 15 to 30-day terms typically offered by other suppliers. This strategic procurement arrangement allowed the Group to optimise cash flow and enhance working capital management while meeting the increased production requirements.

Furthermore, the management maintained a strong focus on prudent working capital management, ensuring that the increase in trade payables aligned with the production needs. Payments to suppliers were strategically timed to optimise cash flow, which contributed to maintaining healthy liquidity levels while efficiently managing financial obligations. As a result, the Group's trade payables turnover days (calculated as average trade payables divided by total purchases for the year) experienced a marginal increase from an average of 25 days in 2023 to 26 days in 2024. This slight increase is consistent with the higher volume of purchases made to support production growth and reflects the extended credit terms obtained from suppliers.

Overall, the increase in trade payables balances, coupled with effective management of working capital and supplier relationships, highlights the Group's commitment to maintaining strong liquidity, supporting production growth, and ensuring financial flexibility while managing credit exposure prudently.

Other Payables and Accruals

The Group's other payables balances increased by approximately RM 1.274 million or 10%, from RM 12.794 million in 2023 to RM 14.068 million in 2024. The increase was primarily driven by the following factors:

- Higher payroll-related expenses, which rose by approximately RM 0.743 million, from RM 6.886 million in 2023 to RM 7.629 million in 2024, mainly due to increased manpower costs and higher statutory contributions in line with expanded operations; and

- An increase in outstanding balances payables to vendors for purchases of machineries during the year, from approximately RM 1.911 million in 2023 to RM 2.315 million in 2024, reflecting the Group's continued investments in production efficiency and capacity upgrades.

The overall increase in other payables and accruals is aligned with the Group's operational growth and capital investment activities during the year, while maintaining prudent working capital management.

Management Discussion and Analysis

Loans and Borrowings

The Group's total loans and borrowings, comprising both short-term and long-term facilities, increased significantly by approximately RM 34.042 million or 53%, from RM 64.578 million in 2023 to RM 98.620 million in 2024. This increase was primarily driven by strategic financing activities undertaken to support the Group's long-term investment and working capital requirements.

A major component of the increase was the higher drawdown of new term loans during the year, amounting to approximately RM 30.502 million, which was mainly utilised to finance the acquisition of two parcels of industrial leasehold lands. This contrasts with the previous year, where drawdowns on term loans were comparatively lower at approximately RM 1.105 million, mainly for purchases of machineries.

In addition to term loans, the Group recorded a net increase in the utilisation of trade financing facilities, particularly bankers' acceptances ("BA"), to fund the procurement of key raw materials, particularly paper rolls. In 2024, the Group recorded a net drawdown of approximately RM 7.128 million under BA facilities, compared to a net repayment of approximately RM 12.034 million in 2023. The higher utilisation of BAs reflects increased purchasing activities in tandem with the higher production volume and sales demand during the year.

As a result of these financing activities, the Group's gearing ratio (defined as net debt divided by total capital, i.e. net debt plus shareholders' equity) increased from 14% in 2023 to 25% in 2024. The increase reflects the Group's deliberate and strategic use of debt to fund growth investments, while also supporting higher working capital needs arising from improved sales volume. While the gearing level has risen, it remains within a healthy and manageable range. The Group continues to maintain a disciplined capital structure, ensuring that borrowings are well aligned with operational needs and long-term value creation objectives. Management remains committed to balancing growth with financial stability and will continue to monitor its funding structure to support sustainable growth while safeguarding shareholder value.

Lease Liabilities

On overall, the total current and non-current lease liabilities of the Group increased by approximately RM 0.737 million or 59%, from RM 1.246 million in 2023 to RM 1.983 million in 2024. The increase was primarily attributable to the renewal of a factory building lease under extended contractual terms, resulting in a longer lease duration and a corresponding increase in lease liability recognition in accordance with MFRS 16. In addition, the Group entered into new lease agreements for workers' hostels during the year to accommodate the expansion of its workforce and ensure adequate accommodation for its employees.

These lease arrangements reflect the Group's ongoing operational scaling efforts and its commitment to providing the necessary infrastructure to support future growth. Nonetheless, the Group continues to manage its lease commitments prudently, maintaining a balanced financial position and ensuring that lease commitments remain aligned with operational requirements and financial capacity.

Liquidity, Capital Resources and Capital Expenditure

The Group's capital expenditure and working capital requirements were financed by, firstly, cash generated from operations and secondly, long-term debt financing and working capital financing provided by the financial institutions. This approach aligns with the Group's prudent financial management policy, which emphasises matching the financing tenure with the gestation period of capital investments.

Management Discussion and Analysis

During the year, the Group undertook major capital expenditures to support ongoing efforts in enhancing production capacity and operational efficiency. These investments included plant and machinery upgrades, as well as the acquisition of two parcels of industrial leasehold land aimed at expanding the Group's infrastructure to meet future growth. The capital expenditures incurred during the financial year were financed through a blend of internally generated funds and long-term debt financing, reflecting the Group's strategy of leveraging long-term financing for strategic asset acquisitions. The Group will continue to carry out plant and machineries upgrades at respective operating subsidiaries to facilitate production capacity expansion and improve production efficiency in the near future in order to maintain our competitiveness.

From a working capital perspective, the Group continued to exhibit strong liquidity management by effectively utilising cash flows generated from operations to meet current obligations. The Group maintained a healthy current ratio of 2.15 times in 2024, compared to 2.24 times in 2023, reflecting continued financial resilience. The acid test ratio remained steady at 1.6 times for both years, underscoring the Group's ability to meet short-term liabilities using highly liquid assets.

The Group's cash and cash equivalents increased modestly from RM 59.099 million as at 31 December 2023 to RM 61.541 million as at 31 December 2024. This growth was primarily driven by net cash flows generated from financing activities, which amounted to RM 27.711 million in 2024, in contrast to a net outflow of RM 17.690 million in the prior year. The positive net inflow from financing activities was mainly attributable to the drawdown of new term loans for land acquisitions and the increased use of trade financing to support the procurement of raw materials (i.e. paper rolls) in line with increased production activities.

However, the increase in cash and cash equivalents was partially offset by a lower net cash flows from operating activities, which decreased to RM 11.278 million in 2024 from RM 43.769 million in 2023. The reduction was mainly due to the higher trade and other receivables during the year as a result of increased sales volume especially in the fourth quarter of 2024, alongside higher property development costs associated with the strategic acquisition of two parcels of industrial leasehold land during the year.

Additionally, the increase in cash and cash equivalents was further mitigated by the higher net cash flows used in investing activities, which recorded a net cash outflow of RM 36.534 million in 2024 compared to RM 12.328 million in 2023. This increase reflected the Group's capital commitments, particularly the acquisition of new industrial leasehold land and further investments in machinery during the year to enhance production capabilities and product quality.

The Group remains focused on sustaining a balanced capital structure, optimising liquidity, and investing in strategic assets that support long-term growth. Management will continue to monitor cash flow positions closely and evaluate capital expenditure plans to ensure alignment with the Group's strategic priorities and operational capacity.

Management Discussion and Analysis

REVIEW OF OPERATING ACTIVITIES

In RM'000 *(unless otherwise stated)*	**FYE 2020**	**FYE 2021**	**FYE 2022**	**FYE 2023**	**FYE 2024**
GROSS PROFIT MARGIN (%)	16%	12%	10%	13%	13%
EBITDA MARGIN (%)	12%	8%	7%	9%	8%
REVENUE PER AVERAGE EMPLOYEE	314	338	357	293	308
EBITDA PER AVERAGE EMPLOYEE	39	27	24	26	25
NUMBER OF AVERAGE EMPLOYEE S (PAX)	998	936	922	951	966

There are two (2) core operating segments that the Group is involved in, namely the paper packaging business and paper-based stationery products. Over the past five financial years, the Group has navigated evolving market conditions through a combination of operational discipline, strategic investment, and a continuous focus on enhancing cost efficiency and productivity.

In 2024, the Group sustained its gross profit margin at 13%, consistent with the improved margin recorded in 2023 and marking a notable recovery from 10% in 2022. This stability underscores the effectiveness of the Group's pricing strategy, product mix optimisation, and operational efficiency initiatives, particularly within a competitive market environment. The steady margin performance was maintained despite pricing pressure and fluctuating input costs, particularly for key raw materials such as paper rolls, which, although showing signs of easing in 2024, remained subject to volatility throughout the year.

Meanwhile, the Group's EBITDA margin recorded a slight decline to 8% in 2024 from 9% in 2023, although still above the 7% recorded in 2022. The marginal reduction was mainly attributed to increased fixed operating costs, especially those related to workforce accommodation and infrastructure enhancements undertaken as part of the Group's expansion initiatives. Nonetheless, the Group continued to exercise prudent cost management and operational controls to safeguard overall profitability.

From a human capital productivity perspective, the revenue per average employee increased to approximately RM 0.308 million in 2024, up from RM 0.293 million in 2023. This improvement was driven by stronger demand and higher production output, supported by investments in upgraded machinery and enhanced factory capacity. EBITDA per employee remained relatively stable at RM 0.025 million, slightly lower than RM 0.026 million in the previous year, indicating that workforce efficiency was maintained despite the increase in workforce size. The number of average employees increased modestly to 966 in 2024, compared to 951 in 2023, in line with the Group's workforce strategy to support higher production volumes and operational scalability.

The Group continues to implement an organic growth strategy focused on building and expanding its revenue base while improving operational profitability. This includes targeted reinvestment into core operations, continuous customer base development, and implementation of cost optimisation initiatives across its manufacturing facilities. At the same time, the Group remains open to exploring and evaluating strategic merger and acquisition opportunities that demonstrate clear value adding potential, income accretive prospects, and alignment with the Group's long-term objectives, provided they are supported by sound commercial rationale and fair entry valuation.

By prioritising operational efficiency, disciplined financial management, and long-term value creation, the Group remains committed to sustaining its positive performance trajectory and strengthening its competitive positioning within the paper packaging and paper-based stationery industries.

Management Discussion and Analysis

(i) Paper Packaging

The paper packaging segment of the Group operates through its five (5) subsidiaries, namely, Ornapaper Industry (M) Sdn. Bhd., Ornapaper Industry (Batu Pahat) Sdn. Bhd., Ornapaper Industry (Perak) Sdn. Bhd., Ornapaper Industry (Johor) Sdn. Bhd. and Tripack Packaging (M) Sdn. Bhd. This segment remains the core contributor to the Group's overall performance.

In 2024, the paper packaging segment reported a revenue (before intercompany sales elimination) of RM 315.738 million, marking an increase of approximately 8% from RM 293.007 million in 2023. This positive growth was primarily driven by stronger sales volume, underpinned by increased customer demand across the core industries served by the paper packaging segment. The revenue increase was in part due to an expansion in production capacity and customer base, reinforcing the Group's position in the market. While the 2024 revenue has yet to reach the peak of RM 353.853 million recorded in 2022, the year-over-year growth reflects a steady recovery from the more subdued performance in 2023.

Cost of goods sold (before intercompany purchases elimination) increased to RM 279.458 million in 2024, compared to RM 258.227 million in 2023. This increase was mainly due to the higher volume of paper rolls consumed to meet the elevated production requirements associated with increased sales volume. As paper rolls remain the largest cost component in the production of paper packaging products, the increased consumption contributed directly to the overall rise in material costs. While average raw material prices showed some signs of easing during the year, volatility in raw material costs persisted.

Besides, gross profit for the segment improved to RM 36.280 million in 2024, up from RM 34.780 million in 2023. However, the gross profit margin experienced a slight decline to 11% in 2024, compared to 12% in 2023. Despite this marginal decline, the margin remained above the 9% recorded in 2022. The compression in margin reflected persistent raw material cost fluctuations and the Group's efforts to maintain competitive pricing, though partially mitigated by a more efficient product mix and ongoing operational enhancements.

Profit before taxation for the paper packaging segment also increased to RM 9.029 million in 2024, up from RM 8.363 million in 2023. This performance reflects a modest recovery from the lower profit before taxation of RM 5.964 million recorded in 2022. The year-over-year improvement in 2024 was largely driven by improved sales performance, better economies of scale, and sustained focus on cost control. However, profit before taxation in 2024 remains lower than the peak performance of RM 11.545 million recorded in 2021, reflecting a cautious yet strategic approach to manage operational risks amid fluctuating market conditions.

During the financial year, the paper packaging segment continued to serve a diverse portfolio of industries, with four (4) key sectors accounting for approximately 57% of total Group revenue in 2024. This includes around 23% from the F&B industry, 12% from the furniture industry, 12% from the rubber and plastic industry, and 10% from the E&E industry. These contributions were largely consistent with 2023, reflecting continued stability in the Group's core market segments.

Overall, the paper packaging segment demonstrated operational resilience and incremental growth in 2024, driven by sustained demand, improved capacity utilisation, and a focus on cost and process optimisation. The Group remains committed to further strengthening its competitive position by investing in its core packaging operations, enhancing production efficiencies, and supporting long-term growth in an evolving market environment.

Management Discussion and Analysis

(ii) Paper-Based Stationery

The paper-based stationery segment of the Group operated by Quantum, which derives its revenue predominantly from the sales of manufacturing products and trading items. The manufacturing products comprise office products and stationery paper products, which together contributed approximately 95% of Quantum's total revenue in 2024, with stationery paper products accounting for about 90% and office products about 5%. The remaining revenue of approximately 5% was generated from the sales of trading items. This revenue composition remained consistent with prior years and highlights the segment's continued focus on in-house manufacturing, particularly in stationery paper products.

For FYE 2024, Quantum recorded a revenue of RM 21.177 million, representing an increase of approximately 4%, from RM 20.325 million in 2023. This growth was mainly driven by a higher sales volume of manufacturing items, particularly stationery paper products for export purposes. The sales volume for manufacturing items rose by approximately 10% from 2023 to 2024. This increase translated into a revenue uplift of approximately RM 2.809 million, despite being partially offset by a decline in the average selling prices across most product lines. The competitive pricing landscape, particularly in export markets, continued to exert downward pressure on margins, despite the higher throughput.

Aligned with the rise in sales volume, cost of sales also increased to RM 21.113 million in 2024, compared to RM 19.909 million in 2023. The increase was primarily due to the higher consumption of raw materials, especially paper rolls, which are the main cost component in the production of paper-based stationery products. Paper roll usage increased by approximately 10% from 2023 to 2024, reflecting the elevated production needs. The rise in cost of sales remained proportionate to revenue growth, maintaining a consistent cost structure.

Despite the revenue growth, gross profit decreased to RM 0.064 million in 2024 from RM 0.416 million in 2023, resulting in a marginal gross profit margin of approximately 0.3% in 2024, compared to 2% in 2023. The decline in margin was mainly due to the downward adjustment in average selling prices amid persistent cost pressures. Nevertheless, the segment maintained a positive gross profit for the third consecutive year, a notable improvement from the negative margins recorded in 2020 and 2021.

Quantum posted a loss before taxation of RM 0.984 million in 2024, compared to a loss of RM 0.605 million in 2023. This wider loss was mainly attributed to higher other operating expenses, which rose to RM 0.720 million in 2024 from RM 0.358 million in the previous year. The increase in other operating expenses was primarily due to impairment losses on plant and equipment amounting to approximately RM 0.270 million, higher expatriate-related costs resulting from the recruitment of more foreign workers, and a fair value loss on derivatives amounting to approximately RM 0.035 million. These additional costs offset the operational gains from higher sales volume and raw material efficiency.

Overall, the paper-based stationery segment continued to demonstrate volume-driven growth in 2024, particularly in its manufacturing segment, supported by export market demand. However, pricing pressure, elevated costs, and one-off operating expenses remained challenges that impacted profitability. On overall, the Group remains focused on enhancing cost efficiency, streamlining production processes, and improving pricing strategies to achieve better margin stability and performance recovery in this segment.

Management Discussion and Analysis

RISK FACTORS EXPOSURE

The Group continues to face a range of risks inherent to its core businesses in the manufacturing and trading of paper packaging and paper-based stationery products. These key risks, while consistent with prior years, remain relevant in light of the Group's performance and the broader macroeconomic conditions during the year, detailed as follows:

(i) Economic Risk

In 2024, global economic conditions remained fragile, influenced by continued geopolitical tensions, elevated interest rates, global inflationary pressures, and cautious consumer sentiment. While certain markets showed initial signs of recovery, overall global trade remained inconsistent. These challenges, coupled with ongoing cost pressures on energy and logistics, contributed to a highly volatile and unpredictable operating environment.

The Group recognises that such macroeconomic conditions could lead to fluctuations in sales volumes, margin pressures, and tighter working capital availability. In response, the management continued to adopt proactive and disciplined measures to navigate these uncertainties. These included enhancing cost efficiency, optimising production processes, maintaining close engagement with key customers to preserve sales stability, and implementing prudent cash flow and working capital management. The Group also maintained strict health and safety protocols across all production sites to ensure uninterrupted operations. Collectively, these efforts are intended to strengthen the Group's resilience and operational readiness in facing ongoing economic challenges.

(ii) Volatile Key Raw Material Prices

The Group remains highly dependent on paper rolls, consisting of industrial papers and wood-free papers, which account for a significant portion of production costs in both the paper packaging and stationery segments. In 2024, despite experiencing intermittent relief in input prices for certain paper grades, overall price volatility persisted due to ongoing instability in the global pulp market and challenges in the supply chain.

This continued reliance on paper rolls, which constitute over 60% of total production costs, exposes the Group to risks related to price fluctuations and supply consistency. These price variations had a direct impact on production costs, which, despite efforts to renegotiate pricing with suppliers, continued to put pressure on profit margins. To mitigate this risk, the Group focused on rigorous procurement planning, continuous monitoring of raw material costs, and optimisation of production processes to reduce waste and enhance yield efficiency. In addition, the Group also adjusted customer selling prices where possible to help protect margins amidst the volatile raw material costs. Efforts to increase sourcing flexibility and strengthen relationships with suppliers further aided the Group in navigating the challenges posed by these fluctuations in raw material prices.

Management Discussion and Analysis

(iii) Foreign Currency Risk

Given the ongoing global economic uncertainties, including inflationary pressures and the potential for a global recession, the operating environment for the Group is expected to remain challenging. A particular concern is the volatility of the Malaysian Ringgit ("RM") against key currencies transacted by the Group, such as the United States Dollar ("USD"), Renminbi ("RMB"), Singapore Dollar ("SGD"), and Euro ("EUR"). This volatility could negatively impact the Group's profit margins. The Group is primarily exposed to foreign currency risk in its sales of paper-based stationery products and its purchases of raw materials, including paper rolls and machinery, denominated in USD, RMB, SGD, and EUR, especially as these currencies strengthen against the RM.

Despite these challenges, the Group does not practice or actively engage in foreign currency hedging due to the unpredictable nature of currency fluctuations, particularly in the current volatile economic environment. Instead, foreign currency risk is managed through vigilant monitoring of currency movements, with occasional hedging using forward contracts when deemed necessary. Additionally, the Group emphasizes prudent cash flow planning. To further mitigate the impact of currency fluctuations on production costs, the Group has taken steps to reduce its reliance on imported paper rolls by increasing its sourcing from local suppliers. This not only helps minimise exposure to exchange rate fluctuations but also supports economic sustainability within the local community, reinforcing the Group's commitment to resilient and responsible business practices.

(iv) Competitive Risk

The competitive environment in the paper and packaging sector remains intense, particularly due to the dominance of large, integrated players who benefit from economies of scale and greater control over upstream supply chains. These companies are often more agile in absorbing cost increases and adjusting pricing strategies. In contrast, smaller players face considerable challenges in improving profit margins, primarily due to limited access to capital for technological upgrades and weaker bargaining power in raw material procurement. This is especially critical during times of scarcity and price surges in essential materials, such as paper rolls, which directly increases production costs. As a result, these cost pressures often lead to higher selling prices, making it harder for smaller players to remain competitive. Consequently, some may be forced to consolidate through mergers and acquisitions, driven by larger companies seeking to expand their market share.

In this highly competitive environment, it is essential for the Group to maintain and strengthen its market position. This is achieved by diversifying its customer base across various industrial sectors and product segments, thereby reducing dependency on any single market and mitigating the impact of competitive pressures. Additionally, the Group places a strong emphasis on workforce development through comprehensive training programs designed to enhance productivity, reduce waste, and maintain high product quality and service standards. Furthermore, investments in automation and plant expansion improve operational efficiency and scalability, allowing the Group to offer competitive pricing to its customers while reinforcing its position in the market.

Management Discussion and Analysis

(V) Credit risk

The Group acknowledges the increased credit risk arising from the prevailing weak market sentiment, compounded by uncertainties surrounding both global and local economic recovery. To address these challenges, the Group has adopted a strategic approach to sales and marketing that balances prudent credit management with sustainable sales growth initiatives. This includes the implementation of comprehensive credit management policies and procedures, which involve proactive monitoring of credit exposures and, where necessary, negotiating temporary payment arrangements with customers. Furthermore, the Group remains committed to tightening credit terms where appropriate in order to mitigate potential risks. Despite the challenging business environment, the majority of the Group's trade debtors have consistently adhered to the approved credit terms, which reflects the effectiveness of its credit management practices.

FUTURE OUTLOOK

The Group remains cautiously optimistic as it looks beyond 2024, navigating an increasingly complex global and domestic landscape. The paper packaging and paper-based stationery industry continues to evolve amidst structural shifts in global trade, supply chain realignments, and growing demand for sustainable packaging solutions. While positive trends are emerging, the Group remains vigilant in the face of significant economic, geopolitical, and operational uncertainties.

Global growth is projected to remain modest in the coming years, with ongoing geopolitical instability, inflationary pressures, and commodity price volatility continuing to shape the global business environment. Trade frictions, particularly between major economies such as the United States (“U.S.”) and China, have intensified following the return of Donald Trump to the U.S. presidency and the reintroduction of protectionist trade policies, including broad-based tariff measures and reciprocal tariff responses, has triggered heightened uncertainty across international markets.

These developments are impacting business confidence, delaying investment decisions, and causing disruptions in supply chains globally. Many businesses are taking a cautious stance, closely monitoring policy shifts and market responses. Malaysia, though strategically located and supported by robust trade agreements, has not been exempt from these dynamics, with recent tariff impositions affecting some export categories and raising cost pressures.

Despite these challenges, the changing trade environment also presents new opportunities. The ongoing restructuring of global supply chains may favour Malaysia as a preferred destination for investment, particularly among companies seeking to diversify operations and minimise exposure to trade barriers. The Group stands ready to leverage Malaysia’s position as a regional hub, with its established infrastructure, skilled labour force, and competitive manufacturing base.

On the domestic front, Malaysia’s economy is expected to maintain steady momentum, supported by resilient domestic demand and sustained growth in the services and manufacturing sectors. While there had been signs of gradual recovery in export activities earlier in the year, recent developments, including tariff measures affecting some Malaysian exports, have introduced renewed uncertainty into the external trade environment. The situation warrants close monitoring, as the impact on export competitiveness and trade flows may vary depending on the duration and scope of the imposed tariffs. Nonetheless, this development underscores the need for greater adaptability and diversification in both products and markets.

Management Discussion and Analysis

On the other hand, the packaging industry is set to benefit from increased industrial activity, the expansion of e-commerce activity, and the government's continued emphasis on sustainability and efforts to reduce plastic waste. In line with national initiatives such as "Say No to Single-Use Plastics" campaign, businesses are increasingly shifting toward biodegradable and recyclable materials, supporting long-term demand for paper-based packaging solutions, which also aligns well with the Group's core offerings.

The global shift towards sustainability and eco-conscious consumption continues to reshape industry dynamics. Consumers and businesses alike are becoming more environmentally aware, prompting greater demand for recyclable, biodegradable, and reusable packaging alternatives. This trend is expected to drive the long-term growth of the paper packaging sector. The Group is well-positioned to respond to this shift, given its focus on sustainable materials, operational efficiency, and innovation in packaging design. The Group views sustainability not only as a regulatory requirement but also as a value driver that can enhance brand reputation, deepen customer trust, and open doors to new markets. The Group will continue to enhance and integrate its Environmental, Social, and Governance ("ESG") initiatives, including efforts in energy efficiency, waste reduction, and alignment with government-led sustainability goals.

With global markets in flux, exchange rate movements, particularly the volatility of the RM, pose additional challenges to cost structures and profitability. The Group remains focused on prudent financial management to mitigate these impacts, including proactive hedging strategies, supplier diversification, and tight control of operational expenditures. Strengthening working capital management and maintaining a healthy liquidity position remain key pillars in navigating this uncertain environment.

A critical success factor in the Group's forward journey is its people. Amid growing competition for skilled labour and evolving workforce expectations, the Group is committed to investing in talent development and retention. Initiatives to enhance employee engagement, upskilling, and workplace well-being are central to creating a resilient and high-performing workforce. At the same time, the Group continues to maintain sound labour practices, in compliance with national and international standards.

The external environment remains unpredictable, shaped by a convergence of factors including escalating trade tensions, inflationary pressures, supply chain disruptions, and the risk of regulatory shifts across key markets. The recent trade-related developments affecting Malaysia as well as many other countries are a timely reminder of the need for vigilance and agility. The Group actively monitors macroeconomic and geopolitical trends and employs scenario planning to ensure operational resilience and informed decision-making.

In anticipation of continued macroeconomic and operational challenges, the Group remains committed to resilience, agility, and long-term value creation. Key strategic priorities moving forward include:

- Enhancing production efficiency through automation and technology investments;
- Expanding into new market segments and geographies to diversify revenue streams;
- Broadening the customer base and product offerings;
- Strengthening working capital management to navigate cost volatility in raw materials;
- Continuing to invest in human capital and upskilling to retain talent and drive innovation;
- Enhancing innovation and ESG initiatives as a foundation for sustainable growth;
- Strengthening foreign currency risk management to mitigate exposure to a volatile RM and its impact on import costs.

Management Discussion and Analysis

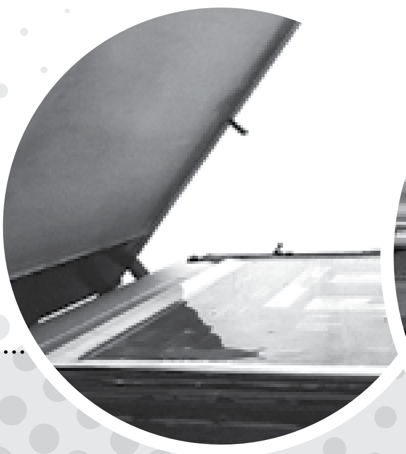
In addition, the Group remains vigilant in identifying and managing key business risks. These include uncertainties arising from global trade policies, exchange rate movements, inflationary trends, and supply chain disruptions. The Group continues to embed scenario planning and risk mitigation measures into its operations to enhance resilience and responsiveness. Furthermore, the Group is committed to prudent cost management and capital allocation to safeguard its financial position amidst a dynamic market environment. The lessons learned from the pandemic, coupled with recent global developments, reinforce the importance of operational flexibility, digital transformation, and sustainability as core enablers of long-term competitiveness.

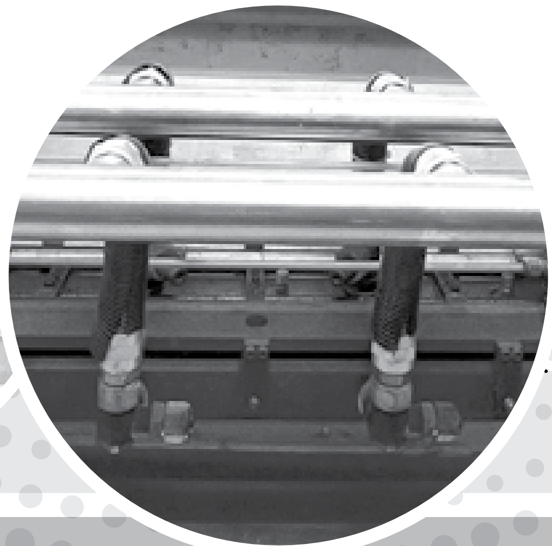
Looking ahead to 2025 and beyond, the Group remains steadfast in its strategy to navigate uncertainties while capitalising on emerging opportunities. While the external environment remains unpredictable, driven by geopolitical tensions, shifting trade policies, and evolving consumer demands, the Group is confident in its ability to adapt, innovate, and deliver sustainable growth. By aligning operational strategies with long-term global trends in sustainability, digitalisation, risk management, and supply chain diversification, the Group aims to reinforce its leadership in the industry and deliver continued value to shareholders, customers, and stakeholders.

DIVIDEND

A final single-tier dividend of 2 sen per ordinary share (net of treasury shares) was distributed to the shareholders on 20 May 2024 for the financial year ended 31 December 2023, amounting to approximately RM 1.483 million. Besides, a final single-tier dividend of 2 sen per ordinary share (net of treasury share) in respect of the current financial year ended 31 December 2024 has been declared for payment on 20 May 2025 to shareholders registered in the Register of Members on 6 May 2025, amounting to approximately RM 1.483 million.

The Group adopts a prudent and conservative approach in managing its capital expenditure and working capital requirements, particularly in light of the current challenging business environment. As such, capital expenditure and working capital financing requirements are primarily sourced through internally generated funds, with supplementary financing from appropriate debt and equity sources when necessary. At present, the Group does not maintain a fixed dividend policy but assesses dividend distributions based on excess profits available after accounting for cash reserves for unforeseen circumstances, planned capital expenditures, and working capital needs for the current and foreseeable future.





Corporate Governance Overview Statement

The Board of Directors ("**the Board**") of Ornapaper Berhad ("**Ornapaper**" or "**the Company**") recognises the importance of adopting and upholding the principles, practices and intended outcomes outlined in the Malaysian Code on Corporate Governance ("**MCCG**") issued by Securities Commission Malaysia. The Board remains firmly committed to promoting a culture of accountability and transparency across all levels of the organisation, which is views as fundamental to safeguarding the Company's assets, enhancing shareholders' value and sustaining strong financial performance.

The Board is pleased to provide the following overview statement, which sets out the manner in which the Company has applied the 3 principles set out in the MCCG and the extent of compliance with principles of the MCCG advocated therein in accordance with Paragraph 15.25 and Practice Note 9 of the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") that has been in place throughout the financial year ended 31 December 2024, unless specified otherwise.

The application of each practice set out in the MCCG during the financial year is disclosed in the Corporate Governance Report ("**CG Report**"), as prescribed under the MMLR of Bursa Securities and submitted together with this Annual Report in compliance with Paragraph 15.25 and Practice Note 9 of the MMLR. The CG Report for the financial year under review is also available for download from the Company's website at www.ornapaper.com and has been announced on Bursa Securities.

This Corporate Governance Overview Statement ("**CG Overview Statement**") should be read in conjunction with the CG Report to provide comprehensive disclosures of the application of each Principle and Practice aimed at achieving the intended outcomes outlined in the MCCG.

Principle A – Board Leadership and Effectiveness

- **Board Roles and Responsibilities**

  The Board is responsible for the overall corporate governance of the Company and its subsidiaries ("**Group**"). This includes oversight of the Group's strategic direction, business performance, risk management and internal controls, ethical standards, sustainability efforts and other critical business matters. In discharging its responsibilities, the Board provides leadership to steer the Group towards the achievement of its Vision and Mission. The Board comprises individuals with entrepreneurial backgrounds and professional experience in business management, law, accountancy and taxation. The roles and responsibilities of the Board are guided by the ***Board Charter***, which is available on the Company's website at www.ornapaper.com.

  In essence, the Board assumes, amongst others, the following key roles and responsibilities:-

  - Establish the Group's core values, corporate objectives, and ethical framework;
  - Review and approve strategic plans for the Group and alignment with corporate objectives and support long-term value creation and sustainable development, including economic, environmental and social considerations;
  - Oversee the conduct of the Group's business operations and assess whether the businesses are being managed effectively and responsibly;
  - Review, challenge and make decisions on the Group's overall strategies, budgets, plans and policies proposed by the Directors and Key Senior Management of the Company and its subsidiaries, and monitor their implementation;
  - Together with the Directors of its subsidiaries and Key Senior Management, promote a strong corporate governance culture that upholds ethical, prudent and professional practices across the Group;

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- Identify the principal risks faced by the Group and ensure the establishment of appropriate internal controls and mitigation measures by the Company's and subsidiaries' Directors and Key Senior Management;
- Define the Group's risk appetite and ensure the existence of a robust risk management framework to identify, assess, manage and monitor significant financial and non-financial risks;
- Ensure adequate training and continuous development opportunities for the Directors of the Company and its subsidiaries, as well as Key Senior Management of the Group;
- Ensure that all Directors of the Company and its subsidiaries are equipped to interpret financial statements and form sound judgements based on the information presented;
- Review the policies and procedures for the appointment and re-appointment of Directors of the Company and its subsidiaries, as well as the appointment of Key Senior Management personnel, to ensure that such individuals possess the necessary character, experience, integrity, competence and time to:
  - effectively and diligently discharge their responsibilities and contribute to the sound governance practices, and
  - manage the Group's business operations in the best interests of its stakeholders;
- Ensure that succession planning is in place for the Directors of the Company and its subsidiaries, as well as the Key Senior Management of the Group;
- Establish a formal and transparent remuneration policy and framework to attract, retain, and motivate Directors and Key Senior Management. Remuneration of the Directors and Key Senior Management of the Group shall be commensurate with their responsibilities, individual contributions, performance (including performance related to sustainability) and the Group's long-term value creation and sustainability objectives;
- Oversee the development and implementation of Corporate Disclosure Policy for the Group to ensure accurate, timely, and transparent communication with stakeholders in accordance with applicable laws and regulations;
- Oversee stakeholder engagement efforts across the Group to ensure that feedback from both internal and external stakeholders on economic, environmental and social (EES) matters and potential business risks is considered and that the interests of all affected stakeholders are appropriately addressed;
- Review the adequacy and integrity of the Group's internal control systems and management information systems to ensure effective decision-making and compliance with internal and external reporting requirements;
- Ensure the integrity and reliability of the Group's financial and non-financial reporting, including that of its subsidiaries, to support sound decision-making and regulatory compliance;
- Oversee the development and implementation of a Sustainability Policy for the Group (including its subsidiaries), ensuring that the strategic direction supports long-term value creation and addresses economic, environmental and social considerations;
- Regularly review the division of responsibilities among between the Board, its Board Committees, the Chairman, the Chief Executive Director ("**CED**") and the Management, as delegated through the CED, to ensure clear accountability and effective leadership;
- Ensure that the Code of Conduct promotes the Group's core values as established by the Board and that there are appropriate internal controls in place to support, promote and ensure adherence to ethical conduct;
- Oversee the implementation of the Group's Whistleblowing Policy , ensuring that genuine concerns can be raised confidentially and are addressed objectively with appropriate corrective actions taken; and
- Review the adequacy and effectiveness of the Group's Anti-Bribery and Corruption Management ("**ABCM**") system, including efforts to foster a culture of integrity and zero tolerance towards bribery and corruption throughout the organisation.

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The roles and responsibilities of the Board and the application of the MCCG's practice are disclosed in Practice 1.1 of the CG Report.

Aside from the responsibilities listed above, significant matters requiring deliberation and approval from the Board are clearly defined in the ***Board Charter*** as matters reserved for the Board's consideration and approval.

The Board is led by the Executive Chairman who commands the respect and confidence of fellow Board members, thereby ensuring the effective functioning of the Board. During the financial year under review, the Non-Executive Directors ("**NED**") convened meetings among themselves without the presence of the Executive Chairman and Executive Directors to discuss strategic, governance and operational matters independently.

A summary of the responsibilities of the Chairman of the Board is disclosed in Practice 1.2 of the CG Report.

The business operations of the Group are overseen by CED, whose roles and responsibilities are detailed in Practice 1.3 of the CG Report.

To ensure that there is a balance of power and authority within the Board, the roles of the Chairman of the Board and the CED are held by separate individuals. This separation provides a clear division of responsibility between the Chairman of the Board and CED. The Chairman of the Board is responsible for leading the Board, the governance, orderly conduct and effectiveness of the Board, while the CED is responsible for managing the Group's business operations and implementation of policies and strategies approved by the Board. A summary of the separation of the roles of the Chairman of the Board and CED is disclosed in Practice 1.3 of the CG Report.

In compliance with MCCG, the Executive Chairman of the Board is not a member of the Audit Committee ("**AC**"), Nomination Committee ("**NC**"), Remuneration Committee ("**RC**") and Board Risk Management Committee ("**BRMC**"). Furthermore, he did not attend any meetings of these Board Committees as an invitee during the financial year under review. This approach is to safeguard the objectivity and independence of the Board Committees and to ensure the Executive Chairman's role in leading the Board remains focused on governance and oversight at the Board level. Further details are disclosed in Practice 1.4 of the CG Report. Kindly refer to Practice 1.4 of the CG Report for further details.

The Independent Non-Executive Directors ("**INEDs**") play an important role in ensuring that the strategies proposed by the Management are fully deliberated and examined, with due consideration given to the interests of all stakeholders throughout the decision-making process.

In discharging their fiduciary duties, the Board remains committed to upholding the highest standards of corporate governance and ethical conduct. This commitment is integral to driving the Company's sustainable financial performance and, more importantly, delivering long-term value to its stakeholders. To ensure the effective discharge of its oversight responsibilities, the Board delegates a reasonable level of authority and discretion to the Executive Directors, representing Management, and to Board Committees established by the Board.

The Board Committees (AC, NC, RC and BRMC) are entrusted with specific responsibilities in accordance with their respective ***Terms of Reference*** or policy approved by the Board. Minutes of all Board Committee meetings are tabled for the Board's notation at the relevant Board meetings. In addition, the respective Chairpersons of the Board Committees provide the Board with reports on key matters deliberated and recommendations made by the Board Committees.

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In turn, the Board and Executive Directors provide strategic guidance and oversight to the heads of department, who are responsible for the day-to-day operational management of the Group. This includes ensuring operational efficiency and effectiveness, regulatory compliance, adherence to the Group's policies, procedures and Limit of Authority Matrix approved by the Executive Directors. The authorisation procedures for key processes are stipulated in the Group's internal policies and procedures.

The Board is assisted by professional Chartered Secretaries in discharging its duties efficiently and effectively. The details of the Company Secretaries are disclosed in Practice 1.5 of the CG Report.

- **Board Charter**

In carrying out its duties, the Board is guided by a formal ***Board Charter*** approved by the Board. The Board Charter sets out the Board Structure (which includes Board Composition, appointment and re-election process, time commitments, tenure and independence of Independent Director), qualification, vacation of office and removal of Directors, roles and responsibilities (Board, Board Committees, Chairman of the Board, CED and Executive Directors, **NED**, Company Secretaries and matters reserved for the Board), and Board activities and processes (Board meetings, Directors' training, Directors' remuneration and Board and member assessment), financial reporting, access to information and independent advice, stakeholder's engagement, general meeting and attendance, conflict of interest, code of conduct of Directors and group governance's responsibility.

Further disclosures on the details of the Board Charter are disclosed in Practice 2.1 of the CG Report.

The Board Charter is available for reference at the "Corporate Governance" section of "Investor Relations" of the Company's website www.ornapaper.com. The Board Charter was last reviewed and updated on 15 November 2024.

- **Code of Conduct and Whistle Blowing Policy**

The Board remains fully committed to upholding the highest standards of integrity, transparency, and accountability in all aspects of the Group's business operations, recognising these principles as fundamental to ensuring long-term business sustainability. The Board has established a ***Code of Conduct*** which sets out the standards of ethical behaviour and professional conduct expected of all Directors, Management, and employees of the Group. The Code of Conduct serves as a key reference point in promoting a culture of integrity and ethical values across the Group, and its principles are embedded within the **Employee Handbook**.

To further enhance the ethical culture within the Group, the Board has established a formal ***Anti-Bribery and Corruption Framework*** to effectively manage and mitigate risks associated with bribery, corruption and conflicts of interest. The Anti-Bribery and Corruption Framework forms part of the Group's ongoing commitment to ensuring responsible and ethical business practices across all levels of the organisation. Further disclosure pertaining to the Group's Code of Conduct is disclosed in Practice 3.1 of the CG Report.

In fostering a workplace culture that promotes integrity, transparency and accountability, the Board has also put in place a Whistleblowing Policy. The ***Whistleblowing Policy*** provides a confidential and secure avenue for employees and other stakeholders to report any concerns involving suspected misconduct, unethical behaviour, breaches of the Group's Code of Conduct, Anti-Bribery and Corruption Framework, legal violations, or accounting and audit-related matters. Reports made in good faith will be handled in strict confidence and without fear of reprisal. Further disclosure pertaining to the Whistleblowing Policy is disclosed in Practice 3.2 of the CG Report.

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The Code of Conduct, Anti-Bribery and Corruption Framework and Whistleblowing Policy are available for download from the "Corporate Governance" section of "Investor Relations" of the Company's website at www.ornapaper.com.

- **Board Meetings**

To carry out its function and responsibilities, the Board meets quarterly to review its quarterly performance and discuss new strategies. Additional meetings will be called when necessary. During the financial year ended 31 December 2024, five (5) meetings have been held and the attendance of each of the Directors is as follows: -

Names of Directors	Number of Meetings Attended
Dr. Ang Kwee Teng	5/5
Sai Chin Hock	4/5
Sai Han Siong	5/5
Lim Joo Song	5/5
Sai Ah Sai	5/5
Tan Chin Hwee	5/5
Lim Kit Ming	5/5
Sean Ne Teo	5/5

During the financial year under review, the agenda for the Board meetings was determined by the Chairman of the Board with the advice and support of the Company Secretaries. The Chairman ensured that adequate time was allocated for each agenda item to facilitate thorough discussion and deliberation of all matters tabled before the Board before any decision-making.

It is the practice of the Company that meetings of the Board Committees are held separately and are not combined with the Board meetings, to allow for focused and in-depth discussion of matters specific to each Committee's responsibilities.

All proceedings and deliberations of the Board meetings were properly documented in the minutes of meetings, which were prepared and maintained by the Company Secretaries. The Company Secretaries ensure that all Board meetings are properly convened, and proper records of the deliberations, proceedings and resolutions passed are recorded and maintained. In between scheduled Board meetings, where exceptional and urgent matters arose requiring immediate Board approval, such approvals were sought via the circulation of Board resolutions. These circular resolutions were accompanied by sufficient and relevant information to enable the Board to make informed decisions.

Further details on the proceedings and activities of the Board during the financial year under review are disclosed in Practices 1.4 and 1.6 of the CG Report.

- **Supply of Information**

The Board members in their individual capacity have unrestricted access to complete information on a timely basis in the form and quality necessary for the discharge of their duties and responsibilities. All the Directors are notified of the Board meetings within the stipulated time before to the meeting date. Notice of each meeting and the agenda are circulated to all the Directors no later than five (5) working days before the scheduled Board Meetings. This is to ensure that the Directors are given sufficient time to obtain a comprehensive understanding of the issues to be deliberated upon at the meeting to arrive at an informed decision, as well as to discharge their duties and responsibilities.

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All the Directors have direct access to the Key Senior Management. During the Board meetings, Key Senior Management are invited to present and discuss the quarterly financial report, non-financial information and market/industry development.

In addition, the Directors may seek independent professional advice at their own discretion, made available at the Company's expense on specific issues to render their independent and professional views and advice to the Board.

The Directors also have access to the services of the Company Secretaries for advice, who is responsible for ensuring that the Board's procedures are followed.

Please refer to Practice 1.6 of the CG Report for details of the Board's meeting materials and supply of information.

- **Composition of the Board**

The Group is headed by an effective Board with the right mixture of knowledge, expertise and diverse academic background to effectively discharge its stewardship responsibilities in spearheading the Group's growth and future direction.

The appointment and re-appointment of Directors of the Company and its subsidiaries are governed by ***Policy and Procedure on Nomination and Appointment of Director and Senior Management and Re-Appointment of Director*** and ***Fit and Proper Policy*** approved by the Board. The NC is entrusted with the responsibilities of ensuring that the composition of the Board is periodically refreshed, taking into account the results of the Board evaluation exercises, the Director's performance and tenure.

In February 2024, the NC reviewed the Board composition, effectiveness of the Board and Board Committees, as well as the performance, contribution, and tenure of each Director. Based on the results of the assessments, the NC was satisfied that the Board and its Committees possess the appropriate mix of skills, experience, competency, and diversity to support the Group's long-term business sustainability. Further details are disclosed in Practice 5.1 of the CG Report.

As of the date of this Annual Report, the Board comprises eight (8) members, of which four (4) are Executive Directors, one (1) Non-Independent and Non-Executive Director and three (3) are INEDs. The profiles of the Directors are set out in the Profile section of this Annual Report.

The current composition of INEDs meets the minimum prescribed requirement under the MMLR. This composition ensures that there is sufficient independent element within the Board to provide the necessary checks and balances.

The Board acknowledges that the current composition is a departure from Practice 5.2 of MCCG, which requires that at least half of the Board comprises INEDs. Currently, 37.5% of the Board are INEDs. Despite this, the Board is of the view that an adequate degree of independence is maintained. The Board came to this conclusion after taking into consideration the satisfactory results of formal assessments conducted on the Board and the independence of the INEDs. Besides that, the Board noted that the INEDs are professionals who have a diverse range of skills, knowledge and experience in relevant fields, and the INEDs had demonstrated their independence and objectivity and actively participated during the Board and Board Committees' proceedings.

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Therefore, there is no disproportionate imbalance of power and authority on the Board between the Non-Independent and Independent Directors. It is the medium-term focus of the Board to seek new Independent Directors to be appointed to the Board to comply with Practice 5.2. Please refer to Practice 5.2 of the CG Report for further details.

- **Board Diversity**

The Board recognises the importance of diversity in the boardroom and senior level management. The boardroom diversity (including gender diversity) is part of the criteria in proposing the appointment of a new director. The appointment of new Director and member of Key Senior Management or the re-appointment of Directors are governed by ***Policy and Procedure on Nomination and Appointment of Director and Senior Management and Re-Appointment of Director*** and the criteria for such appointment and re-appointment are fit and proper (governed by ***Fit and Proper Policy*** with requirement on probity, personal integrity, reputation, financial integrity, experience and competency, time and commitment (including directorship in public and private limited companies)), skilled and diverse backgrounds, requirements on Boardroom and Senior Management diversity, knowledge and skill on sustainability oversight and management and independence for independent director.

It is the policy of the Board that an active politician shall not be appointed as a Director of the Company or its subsidiaries. In line with this policy, the Board affirm that as at the date of this Statement, no active politician has been appointed to the Board of the Company or its subsidiaries. Please refer to Practice 5.5 of the CG Report on procedure and criteria for appointment of Director and member of Senior Management and re-appointment of Director and Practice 5.10 of the CG Report on the disclosure on the policy on board diversity per ***Policy and Procedure on Nomination and Appointment of Director and Senior Management and Re-Appointment of Director***.

At present, there is one (1) woman Director on the Board, which is a departure from Practice 5.9 of MCCG, which requires at least 30% women representation on the Board. In accordance with the ***Board Charter***, the Board had set its sights to meet the requirement to have at least one (1) woman representation on the Board of the Company. Moving forward, the Company remains committed to promoting gender diversity on the Board and at the senior management level. Further details are disclosed in Practices 5.9 and 5.10 of the CG Report.

- **Appointment of Directors and Key Senior Management and Re-Appointment of Directors**

The appointment of new Director to the Board and member of Key Senior Management is made based on the recommendation of the NC to the Board for consideration and approval. The processes and criteria (including fit and proper and conflict of interest checks) for the nomination and appointment of Director and Key Senior Management are specified in the ***Policy and Procedure on Nomination and Appointment of Director and Senior Management and Re-Appointment of Director*** and ***Fit and Proper Policy***. It is the policy of the Board that, in addition to recommendations from existing Directors and major shareholders, the NC shall seek candidates from independent sources, in line with Practice 5.6 of MCCG.

However, all existing Directors of the Company were nominated based on the recommendations of the Board members and existing shareholders without reference to candidates from an independent source. This represents a departure from Practice 5.6 of MCCG.

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In accordance with the MMLR and the Company's Constitution, at least one-third (1/3) of the Directors or the number nearest to one-third (1/3) shall retire by rotation at each Annual General Meeting ("**AGM**") and at least once every three (3) years. The Directors retiring from office shall be eligible for re-election by the shareholders.

All Board members who are newly appointed are subject to retirement at the subsequent AGM of the Company. All Directors (including CED) will retire at regular intervals by rotation at least once every three (3) years and shall be eligible for re-election. The process and criteria for re-appointment of director are included in the Policy and Procedure on Nomination and Appointment of Director and Key Senior Management and Re-Appointment of Director, and the Fit and Proper Policy. The recommendations of re-appointment of retiring directors during AGM were only made by NC to the Board and the Board to the shareholders of the Company upon satisfactory results of fit and proper and conflict of interest checks, independence assessment (for INEDs) and performance evaluation of such Directors by NC.

In April 2024, the NC assessed the Directors retiring pursuant to Clauses 119 and 120 of the Company's Constitution. Upon being satisfied with their performance, contribution, character, integrity, competence, and time commitment, the NC recommended their re-appointment at the Twenty-Second AGM ("**22nd AGM**").

To facilitate informed decision by shareholders on the re-appointment of retiring directors during AGM, disclosures were made in the notes to the agendas of the general meeting that such retiring Director had met the criteria as prescribed under Paragraph 2.20A of MMLR on character, experience, integrity, competence and time commitment with reference made to the profile of the Director (which includes disclosure of conflict-of-interest situation, if any).

Further details on the nomination, election, appointment, and re-appointment processes of Directors and Key Senior Management are provided under Practices 5.6 and 5.7 of the CG Report.

- **Performance Assessment and Evaluation of the Board, Board Committees and Individual Directors**

NC reviews the required mix of skills, competencies, experience and other qualities on an annual basis, including the core competencies that each individual Director should bring to the Board. As part of this review, NC also undertakes an annual assessment of the INEDs' independence to ensure that they continue to exercise independent and objective judgment in Board deliberations. The Board had implemented a structured evaluation process, carried out annually by NC to assess the effectiveness of the Board as a whole, the performance of Board Committees and the contribution of each individual Director.

On an annual basis, the Company Secretaries facilitate the evaluation process by circulating the relevant assessment and review forms/questionnaires to all Directors. Sufficient time is provided for the Directors to complete the forms before NC and Board meetings, allowing the Company Secretaries to collate the assessments/evaluations results for NC's review and reporting to the Board.

During the financial year under review, the NC, on behalf of the Board conducted performance evaluations using the Board and Board Committee Evaluation Form, Directors' Self-Evaluation Form for individual Directors, Audit Committee Members' Peer Performance Evaluation and Audit Committee Evaluation Form for the assessment on the term of office and effectiveness of AC, including the performance of its individual members.

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Based on the above evaluations conducted during the financial year under review, the NC and the Board were satisfied with the composition and competency of the current Board, the effectiveness of the Board Committees and the contribution and performance of each individual Director. Based on the above assessments performed on AC and its members, the Board was of the view that AC and its members had effectively discharged their duties in accordance with its terms of reference. The summary result of the assessment was presented by NC to the Board for its review and deliberation.

Please refer to Practice 6.1 of the CG Report for the details on the performance evaluation of the Board, the Board Committees and self-assessment for individual Directors.

- **Independence of INED**

To ensure that INEDs are able to exercise independent and objective judgement in the Board's deliberations, free from any conflict of interest or undue influence from interested parties, the Board, through the NC, is responsible for assessing and ensuring the independence and objectivity of INED candidates before their appointment. Such assessment is carried out by the NC as part of a formal nomination and selection process, with the outcome of the evaluation presented to the Board for its consideration and decision.

Annually, all INEDs are subject to an independence assessment by NC, with the results and recommendations submitted to the Board to enable it to form an opinion on the continued independence of each INED. In addition, a written declaration of independence is obtained annually from each INED. For the financial year under review, the NC has conducted the necessary independence assessment and obtained the requisite independence declarations from all INEDs. Based on the independence assessment performed and the independence declaration provided by the INEDs, the NC and the Board are satisfied with the level of independence demonstrated by the INEDs as well as their ability to bring independent and objective judgement in Board deliberations.

In accordance with the Board Charter, the tenure of an INED should not exceed a cumulative term of twelve (12) years from the date of his/her first appointment to the Board. Upon reaching a cumulative term of nine (9) years, an INED may continue to serve on the Board as a Non-Independent Director. However, if the Board intends to retain an INED beyond nine (9) years and up to twelve (12) years, the retention must be justified by the Board and approved by the shareholders through a two-tier voting process.

Mr. Tan Chin Hwee has served on the Board for a cumulative term of more than nine (9) years but less than twelve (12) years as at the financial year ended 31 December 2024. Based on the independence assessment performed and the independence declaration obtained from Mr. Tan Chin Hwee during the financial year under review, the Board is satisfied that Mr. Tan Chin Hwee continues to exercise independent judgement and demonstrates objectivity in discharging his duties and responsibilities, both at the Board and Board Committee levels. The Board is of the view that the length of his service has not in any way impaired his independence, professionalism or his ability to act in the best interests of the Group. In line with the requirements of the Board Charter and MCCG, the Board has recommended and subsequently obtained shareholders' approval at the 22nd AGM to retain Mr. Tan Chin Hwee as an INED through a two-tier voting process. Following the approval obtained from shareholders, Mr. Tan Chin Hwee continues to serve on the Board as an INED.

As at the date of this Annual Report, Mr. Tan Chin Hwee's tenure on the Board remains more than nine (9) years but less than twelve (12) years. Please refer to Practice 5.3 of the CG Report for further details.

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- **Time Commitment**

  In order for the Board to operate effectively and efficiently, each Board member is expected to devote sufficient time and effort to discharge their responsibilities with reasonable due care, skills and diligence. To ensure that the time commitment from each Director and to facilitate time planning, the scheduled meeting dates for the Board and Board Committee for the next financial year are notified to all Directors in November of each calendar year.

  The Directors are required to notify the Board before accepting any new directorship and to indicate the time expected to be spent on the new appointment.

- **Directors and Key Senior Management Remuneration**

  The Board assumes the overall responsibility to establish and implement an effective remuneration policy that serves to attract, retain and motivate the Directors and Key Senior Management in pursuit of the medium to long-term objectives of the Group. The Board has put in place a ***Remuneration Policy for Directors and Senior Management***, which serves as a guiding framework for the RC when reviewing and recommending the remuneration packages of the members of the Board and Key Senior Management. Major components of the remuneration package for the Executive Directors, the members of Key Senior Management and NED are specified in the Policy.

  The RC is responsible for recommending to the Board the remuneration packages of the members of the Board and Key Senior Management, whilst the Board, as a whole is responsible for determining the final remuneration of the Directors and Key Senior Management. Individual Director shall abstain from deliberation and approval of his/her own remuneration. Director who is a shareholder and controlling shareholder with a nominee or person(s) connected to Director on the Board shall abstain from voting at general meetings to approve the remunerations of such interested Director.

  Please refer to Practices 7.1 and 7.2 of the CG Report for the details of the ***Remuneration Policy for Directors and Senior Management***, and the summary of details of the ***Terms of Reference of RC*****.**

  Please refer to Practice 8.1 of the CG Report for the breakdowns of remuneration of individual Directors (including fees, salary, bonus, benefits in-kind and other emoluments) on a named basis for the financial year ended 31 December 2024.

  With regard to the disclosure of Key Senior Management's remuneration on a named basis in bands of RM50,000, the Board has decided not to adopt this practice. The Board is of the view that such disclosure may compromise the personal security of Key Senior Management members and heighten the risk of talent loss, particularly given the ease of access to such information in the public domain.

  Please refer to Practice 8.2 of the CG Report for the explanation on the departure from the disclosure of Key Senior Management's remuneration on a named basis in bands of RM50,000.

- **Board Committees**

As part of its commitment to ensuring the effective discharge of its duties, the Board has delegated certain functions and responsibilities to its established Board Committees, namely AC, NC, RC and BRMC. Each Committee operates within its respective Terms of Reference, which clearly outline its roles, responsibilities, and authority. The Chairperson of each Committee reports to the Board on the key deliberations, findings, and recommendations arising from the Committee meetings, thereby ensuring that the Board is well-informed and able to make effective decisions.

  - **AC**

The composition and terms of reference of the AC, the number of meetings held, attendance, and activities carried out during the financial year are available in the Audit Committee Report as set out in this Annual Report.

  - **NC**

The NC comprises exclusively of INEDs, in compliance with the requirements of MMLR. The NC is chaired by an INED. The composition of NC and the attendance of each member for meetings held during the financial year ended 31 December 2024 are as follows:

Name	Position	Number of Meetings Attended
Lim Kit Ming	Chairperson/INED	2/2
Tan Chin Hwee	Member/INED	2/2
Sean Ne Teo	Member/INED	2/2

The NC is guided by its terms of reference, duly approved by the Board, which outlines its authority, duties and responsibilities. A copy of the ***Terms of Reference of NC*** is available for download at the “Corporate Governance” section of “Investor Relations” of the Company’s website at www.ornapaper.com.

During the financial year under review, the NC convened two (2) meetings. The first meeting focuses on reviewing and assessing the performance and effectiveness of the Board as a whole, the Board Committees (including the AC and members of the AC), and individual Directors. The results of all reviews and assessments were reported to the Board for review and deliberation. The second meeting was held to discuss the retirement of the Directors pursuant to Clauses 119 and 120 of the Company’s Constitution, the independence assessment of INEDs and the retention of Mr. Tan Chin Hwee as an INED of the Company pursuant to the MCCG. The retiring Directors are recommended for re-election for seeking approval from the shareholders during the 22nd AGM.

Please refer to Practices 5.1, 5.2, 5.3, 5.5, 5.6, 5.7, 5.8 and 6.1 of the CG Report for the details on the NC and its activities.

  - **RC**

The RC was formed to assist the Board in determining, developing and recommending an appropriate remuneration policy and remuneration package for Directors and Key Senior Management, with the objective of attracting, retaining and motivating qualified and competent individuals to drive the Group’s long-term objectives. The RC is guided by its ***Terms of Reference*** approved by the Board. The Terms of Reference of the RC is available at the “Corporate Governance” section of “Investor Relations” of the Company’s website at www.ornapaper.com.

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The RC comprises exclusively of INEDs, in compliance with the requirement of MCCG. The composition of the RC and the attendance of each member for meetings held during the financial year ended 31 December 2024 are as follows:

Name	Position	Number of Meetings Attended
Sean Ne Teo	Chairperson/INED	2/2
Tan Chin Hwee	Member/INED	2/2
Lim Kit Ming	Member/INED	2/2

The RC convened two (2) meetings during the financial year ended 31 December 2024. The first meeting in February 2024 was to review of proposed Directors' fees for NEDs and meeting allowances for all Directors. Upon review, the RC's recommendations were tabled to the Board for approval and subsequently proposed to shareholders for their approval at the 22nd AGM. The first meeting also reviewed the remuneration packages of the Executive Directors of Ornapaper Industry (M) Sdn. Bhd. for the financial year ending 31 December 2024. The second meeting in August 2024 was held to review the remuneration packages of the Executive Directors and Key Senior Management.

Further disclosure on the RC (and its activities) and ***Remuneration Policy for Directors and Senior Management*** are disclosed in Practices 7.1 and 7.2 of the CG Report.

- **BRMC**

The BRMC was formed to provide oversight, direction and counsel to the Group risk management processes and to assist the Board in identifying, mitigating and monitoring critical risk highlighted by the respective business units.

BRMC comprises entirely of INEDs, in compliance with the Step-Up practice recommended by the MCCG. The composition of BRMC and attendance of each member during the financial year ended 31 December 2024 are as follows:

Name	Position	Number of Meetings Attended
Tan Chin Hwee	Chairman/INED	1/1
Lim Kit Ming	Member/INED	1/1
Sean Ne Teo	Member/INED	1/1

The BRMC's ***Terms of Reference*** is available in the "Corporate Governance" section of "Investor Relations" of the Company website at www.ornapaper.com.

During the financial year under review, the BRMC convened one (1) meeting to review the Group's compliance performance, particularly in relation to anti-bribery and corruption management, sustainability assessment, and stakeholder prioritisation activities carried out during the year. The BRMC also reviewed the performance of sustainability metrics against established targets, as well as the Group's risk management activities and outcomes, as presented by the Designated Compliance Officer before reporting to the Board.

Further disclosure on the risk management activities during the financial year can be found in Practices 10.1 and 10.2 of the CG Report and the Statement on Risk Management and Internal Control of this Annual Report.

Corporate Governance Overview Statement

- **Directors' Training**

As per the ***Board Charter***, the Board is assigned with the responsibility to assess the training needs of the Directors (including the knowledge and skill sets required to perform its oversight role in relation to sustainability management) of its individual members and recommend to the Board of the Company of the relevant training programme to ensure the Directors of the Company have access to continuing education programme relevant to their discharge of fiduciary duties.

All Directors have completed the Mandatory Accreditation Programme I prescribed by Bursa Securities. The Directors are mindful that they should continuously attend training in order to broaden their perspectives and to equip themselves with the necessary skills to carry out their roles effectively as Directors in discharging their responsibilities towards corporate governance, operational and regulatory issues. The training needs of the Directors, on the type of training to be attended, are identified during the Board, Board Committee performance evaluation and directors' self-evaluation carried out by NC.

During the financial year ended 31 December 2024, all members of the Board have attended training(s) that were organised by regulatory bodies or professional organisations. The trainings attended by individual Board members are shown in the following table:

Director	Name of Conference/Talk/Seminar Attended or Participated	Organiser
Dr. Ang Kwee Teng	Updates on Main Market Listing Requirements – Enhanced Conflict of Interest Measures	NeedsBridge Advisory Sdn. Bhd.
	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	Institute of Corporate Directors Malaysia
Sai Chin Hock	Updates on Main Market Listing Requirements – Enhanced Conflict of Interest Measures	NeedsBridge Advisory Sdn. Bhd.
	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	Institute of Corporate Directors Malaysia
Sai Han Siong	Updates on Main Market Listing Requirements – Enhanced Conflict of Interest Measures	NeedsBridge Advisory Sdn. Bhd.
	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	Institute of Corporate Directors Malaysia
Lim Joo Song	Updates on Main Market Listing Requirements – Enhanced Conflict of Interest Measures	NeedsBridge Advisory Sdn. Bhd.
	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	Institute of Corporate Directors Malaysia
Sai Ah Sai	Updates on Main Market Listing Requirements – Enhanced Conflict of Interest Measures	NeedsBridge Advisory Sdn. Bhd.
	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	Institute of Corporate Directors Malaysia

Corporate Governance Overview Statement

Tan Chin Hwee	Updates on Main Market Listing Requirements – Enhanced Conflict of Interest Measures	NeedsBridge Advisory Sdn. Bhd.
	Companies Act 2016 Series : A Company's Constitution – Key Elements and Importance	Institute of Approved Company Secretaries
	AMLA and Reporting Institutions' Roles and Duties	Institute of Approved Company Secretaries
	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	Institute of Corporate Directors Malaysia
	Data Compliance Report 2024 – The Essentials and Preparations Before Submission	Institute of Approved Company Secretaries
Lim Kit Ming	Updates on Main Market Listing Requirements – Enhanced Conflict of Interest Measures	NeedsBridge Advisory Sdn. Bhd.
	Accounting and Invoicing Knowledge & Skills Under e-Invoice Requirements	Malaysian Institute of Accountants
	Assets Accounting Under MPERS Covering Property, Plant & Equipment, Investment Property and Biological Assets	Malaysian Institute of Accountants
	Case Study-Based MFRS Webinar: A Review of Latest Developments in MFRS/MPERS	Malaysian Institute of Accountants
	Case Study-Based MFRS Seminar: Preparation and Presentation of Consolidated Financial Statements	Malaysian Institute of Accountants
	Financial Due Diligence	Malaysian Institute of Accountants
	ISA 600 (Revised) Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)	Malaysian Institute of Accountants
	2025 Budget Seminar	Malaysian Institute of Accountants
Sean Ne Teo	Updates on Main Market Listing Requirements – Enhanced Conflict of Interest Measures	NeedsBridge Advisory Sdn. Bhd.
	Beneficial Ownership Reporting of Companies-Overcoming Challenges to Identify the BO	Institute of Approved Company Secretaries
	Amendments to the Personal Data Protection Act 2010 – What Secretaries Should Know and Prepare For	Institute of Approved Company Secretaries
	Data Compliance Report 2024 – The Essentials and Preparations Before Submission	Malaysian Institute of Accountants
	Company Secretarial Practice Workshop – Practical FAQs on Company Secretary's Liability /Duties	Institute of Approved Company Secretaries

Corporate Governance Overview Statement

- **Sustainability Oversight and Management**

  In order to promote the sustainability of the Group's businesses, one of the business strategies adopted by the Board is to ensure that the sustainability aspects of the businesses undertaken are well taken care of. The Group upheld the principle to maintain effective Corporate Social Responsibility practice continuously in order to contribute positively to the socio-economic development of the communities, to promote environmentally friendly business practices and to uphold good social practice.

  One of the key responsibilities of the Board of the Company is to regularly evaluate economic, environmental, social and governance issues of the Group, to assume the ultimate responsibilities for and the oversight roles for the Group's sustainability management. The sustainability management of the Group is governed by the ***Sustainability Framework*** established by the Board. Formal governance structure, stakeholders' engagement and process to identify, assess and formulate and monitor responses to material sustainability issues are prescribed in such framework, with the assessment results and responses are fed into the risk management process of the Group for continuous monitoring. As an important communication with stakeholders of the Group, the Sustainability Statement was published along with the Annual Report for the financial year under review.

  One of the responsibilities of the Board of the Company is to evaluate the sustainability risks and opportunities regularly, including taking into consideration the changes in the external business environment or the interests of the stakeholders. Periodic review, led by CED and Executive Director who are the designated senior management personnel on the strategic sustainability management, on the sustainability matters (including climate change risks and opportunities) faced by the Group and corresponding strategies and responses formulated was performed with escalation mechanism put in place to report on timely basis sustainability matters, their corresponding strategies and responses as well as performances from the heads of departments to the Board as governance body of the Company. The review of the sustainability and stakeholders' engagement activities, sustainability strategies and responses and actual performances of responses to sustainability matters was performed by BRMC and the Board during the financial year under review.

  Please refer to Practices 4.1, 4.2, 4.3, 4.4 and 4.5 of the CG Report and the Sustainability Statement for the governance structure and process employed as well as the identification, assessment, management and reporting of sustainability matters during the financial year under review.

Principle B – Effective Audit and Risk Management

The AC is also tasked with overseeing the role of the effectiveness of the audit and internal controls of the Group. The composition, activities carried out during the financial year under review, including the number of meetings held and attendance, are disclosed in the Audit Committee Report set out in this Annual Report and Practices 9.1 to 9.5 of the CG Report.

- **Relationship with External Auditors**

The Group maintains a close and transparent relationship with the Group's External Auditors in seeking professional advice and ensuring compliance with the approved accounting standards, relevant rules and regulations and the Group's policies and procedures. The roles and responsibilities of AC in relation to the external auditors are prescribed in the ***Terms of Reference*** of the AC.

Corporate Governance Overview Statement

The engagement of External Auditors is governed by the engagement letter with terms of engagement (which includes, among others, the scope of audit, the responsibilities of directors and External Auditors, confidentiality, reporting and the proposed fees) reviewed by the AC and its recommendation to the Board.

The AC met with the External Auditors five (5) times during the financial year under review (including two (2) private sessions conducted without the presence of the Executive Directors and Management) to discuss audit plans, audit findings, financial statements and other special matters that require the AC's attention. The private sessions were held to promote open communication, allowing the External Auditors to express their views and opinions freely without any undue influence or pressure from Management.

The oversight of the External Auditors was further enhanced through the performance evaluation conducted by the AC, with the results subsequently reported to the Board. As part of the performance evaluation, the AC also received a Transparency Report prepared and presented by the External Auditors. Additionally, the External Auditors, through their presentation of the Audit Plan and Audit Results as well as their written confirmation provided to the AC, affirmed their independence and objectivity throughout the audit engagement and further reaffirmed their independence upon the completion of the audit.

The summary of AC's activities and oversights of external and internal auditors during the financial year under review is available in the Audit Committee Report set out in this Annual Report.

- **Uphold Integrity in Financial Reporting**

The Board takes responsibility to present a balanced, clear and meaningful report on the Group's financial positions and business prospects to its shareholders, investors and the regulatory authorities via the timely release of quarterly reports, annual reports and regular announcements on material business matters.

The quarterly results and annual financial statements were reviewed by AC and recommended to the Board for approval before being released to the public, via Bursa Securities' website. AC also reviews the appropriateness of the Company's and Group's accounting policies and the changes to these policies, as well as ensures the financial statements are drawn up in accordance with the provisions of the Companies Act 2016 and applicable accounting standards.

The Board, through the review by AC and consultation with the Management and the external auditors, had presented a fair and meaningful assessment of the Group's financial performance and position.

A summary of the functions and duties of the AC in the oversight of financial reporting for the financial year is available in the Audit Committee Report set out in this Annual Report.

- **Risk Management**

The Board affirm its overall responsibility for maintaining a sound risk management and internal control system in pursuing the Company's objectives and has in place a formal ***Group Risk Management Framework***. The details of the ***Group Risk Management Framework***, as well as risk management process and activities, are disclosed in Practices 10.1 and 10.2 of the CG Report and the Statement on Risk Management and Internal Control of this Annual Report.

Corporate Governance Overview Statement

- **Internal Control and Internal Audit Function**

  The Board acknowledges its overall responsibility for maintaining a sound system of internal control to safeguard shareholders' investment and the Group's assets. This responsibility includes ensuring regular review of the adequacy, effectiveness and integrity of the internal control system in managing the Group's principal risks. The Group has outsourced its Internal Audit function to a qualified professional firm to assist the AC in reviewing the state of internal control of the Group and to highlight areas for management and operational improvements.

  The state of the internal control system and the Internal Audit function of the Group are explained in greater detail in Practices 11.1 and 11.2 of the CG Report and the Statement on Risk Management and Internal Control of this Annual Report.

  The Statement on Risk Management and Internal Control pursuant to Paragraph 15.26(b) of the MMLR is set out in this Annual Report. The statements provide a further in-depth in the Group's policies and activities undertaken to ensure the adequacy and effectiveness of governance, risk and control structures and processes.

Directors' Responsibility Statement

The Directors are required under the provisions of the Companies Act 2016 to prepare financial statements as at the end of each financial year in accordance with applicable approved accounting standards and which gives a true and fair view of the state of affairs of the Group and the Company and their financial results and cash flows for each financial year.

The Directors are of the view that the Group and the Company have adopted suitable accounting policies and applied them consistently, made judgements and estimates that are reasonable and prudent, as well as ensured that all applicable accounting standards have been followed, and confirm that the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Company maintains proper accounting records that disclose with reasonable accuracy the financial performance and financial position of the Group and of the Company, and which enable them to ensure that the financial statements comply with the Companies Act 2016. The Directors are also responsible for taking necessary steps to safeguard the assets of the Group, and to prevent and detect fraud as well as other irregularities.

Principle C – Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

- **Corporate Disclosure and Stakeholders Communication**

  The Company recognises the value of transparent, consistent and coherent communications with investment community consistent with commercial confidentiality and regulatory considerations. The Company aims to build a long-term relationship with shareholders and potential investors through appropriate channels with the Board and disclosure of information. The corporate disclosure process and mechanism are guided by a formal ***Corporate Disclosure Policy***.

Corporate Governance Overview Statement

The Board provides timely disclosure of all material information of the Group to shareholders through announcements made on Bursa Securities and with the link to such announcement made available on the Company's website (www.ornapaper.com). The Board is observing all disclosure requirements as laid down in the MMLR in order to have all material events and information disseminated publicly and transparently on a timely basis to ensure a fair and equitable access by all stakeholders without selective disclosure of such information to specific individuals or groups.

The Annual Report is the main channel of communication between the Company and its stakeholders. The Annual Report communicates comprehensive information about the financial results and activities undertaken by the Group. As a listed issuer, the contents and disclosure requirements of the annual report are also governed by the MMLR.

The content of the ***Corporate Disclosure Policy*** and the channel of communications and processes used by the Company for Stakeholders' communications are further discussed in Practice 12.1 of the CG Report.

- **Encourage Shareholder Participation at General Meetings**

The Company's General Meetings serve as one of the key avenues of communication with its shareholders, which provides a useful forum for shareholders to engage directly with the Company's Directors. During the general meeting, shareholders are at liberty to raise questions or seek clarification on the agenda items of the general meeting from the Company's Directors. The agenda of the meeting and its proposed resolutions are to be provided at least twenty-eight (28) days before the meeting to ensure sufficient time and information are provided to the shareholders before attending the general meeting. Please refer to Practice 13.1 of the CG Report for further disclosure on the distribution and content of the Notice of the general meeting.

The Company provides information to the shareholders via the Annual Report on, amongst others, details of AGM, their entitlement to attend AGM, the right to appoint a proxy as well as the qualifications of a proxy.

To further promote participation of members through proxy(ies), the Company's ***Constitution*** includes an explicit right of proxies to speak at general meetings, to allow a member who is an exempt authorised nominee to appoint multiple proxies for each omnibus account it holds and imposes no restriction on a proxy's qualification.

Adequate time is given during the general meetings to encourage and allow the shareholders to seek clarification or ask questions on pertinent and relevant matters. In order to facilitate and provide more meaningful responses to questions raised by shareholders, all Directors attended the 22nd AGM. The external auditors were also present at the 22nd AGM to provide professional and independent clarification on issues and concerns raised by the shareholders during the meeting.

- **Poll Voting**

In compliance with Paragraph 8.29A(1) of MMLR, the Company is required to ensure that any resolutions set out in the notice of general meetings are to be voted by poll. All resolutions put forth for shareholders' approval at the forthcoming AGM are to be voted on by way of poll voting.

Corporate Governance Overview Statement

- **Proceedings during the General Meeting**

  During the financial year under review, the Group conducted its 22nd AGM and an Extraordinary General Meeting ("**EGM**") physically on the same day and at the same venue. The general meetings provided shareholders with the opportunity to exercise their rights to participate, raise questions, and vote on the proposed resolutions.

  The decision to hold the 22nd AGM and EGM physically, rather than via Remote Participation and Voting ("**RPV**") facility, was primarily to foster direct and effective interactions between the Board and shareholders. While RPV serves as a useful tool for facilitating general meetings, it may present technological challenges to shareholders who are less technologically savvy. Additionally, the physical venue in Melaka, Malaysia, was easily accessible by various modes of transportation and proved to be a more cost-effective option compared to conducting the meeting through RPV facilities.

  By convening both the AGM and EGM on the same day and at the same venue, the Company aimed to encourage greater shareholder participation while providing a platform for meaningful engagement between shareholders and the Board. Please refer to Practice 13.3 of the CG Report for the explanations of departure from the recommended practice on leveraging technology to facilitate remote voting and participation at general meetings.

  It is the policy of the Board that all pertinent and relevant questions posed in relation to the agendas of the general meeting will be answered by the Board and sufficient time is to be allocated by the Board to answer such questions raised. If questions posed were not answered by the Board during the general meeting due to time constraints, it is the policy of the Board to have the responses to these questions published on the corporate website as key matters discussed during the general meeting. Additional information on the Board's engagement activities with shareholders during the general meetings is disclosed in Practice 13.4 of the CG Report.

  The minutes of the general meeting, including key matters discussed, were uploaded to the "Annual General Meeting" section of "Investor Relations" of the Company's website at www.ornapaper.com within 30 business days from the date of the general meeting. Kindly refer to Practice 13.6 of the CG Report in relation to the practice on the publication of minutes of the meeting and key matters discussed within 30 business days after the conclusion of the general meeting.

Key Focus Areas and Future Priorities

During the financial year, the Board focused on enhancing governance practices, led by the Chairman of the Board, who took the lead in overseeing the Board's operations. The Board reviewed its Board Charter, the Terms of Reference for its Committees, and various policies to ensure alignment with the latest amendments to the MMLR by Bursa Securities.

In the medium to long term, the Board plans to appoint new INEDs to ensure that at least half of the Board is composed of INEDs. The Board also intends to engage independent sources to identify suitably qualified candidates for the next NED appointment. Additionally, the Board aims to achieve 30% female representation on the Board and at least one female representation in the Key Senior Management, subject to available vacancies at the Key Senior Management level.

Corporate Governance Overview Statement

Additional Disclosure Under MMLR

- **Utilisation of Proceeds**
  The Company did not implement any fund-raising exercise during the financial year ended 31 December 2024.

- **Employee Share Scheme**
  The Company did not establish any employee share scheme and there was no subsisting employee share scheme during the financial year ended 31 December 2024.

- **Audit and Non-audit Fees**
  The audit and non-audit fees incurred for services rendered by the external auditor and their affiliated firms and companies to the Company and its subsidiaries for the financial year ended 31 December 2024 are as follows:

	Company	Group	Details on Non-Audit Fees
Audit Fees (RM)	45,000	230,000	Nil
Non-Audit Fees (RM)	5,000	68,000	Tax computation and administration
	5,000	5,000	Review of Statement of Risk Management and Internal Control

- **Material Contracts**
  During the financial year, except for the recurrent related party transaction disclosed, there were no other material contracts and loans entered into by the Company or its subsidiaries involving interests of Directors, Chief Executive who is not a Director and major shareholders.

- **Recurrent Related Party Transactions of a Revenue or Trading Nature (RRPT)**
  The breakdown of the aggregate value of the RRPT of a revenue or trading nature during the financial year ended 31 December 2024 (for which shareholders' mandate was obtained during the 22nd AGM) is as follows:

  Below are RRPTs with shareholders' mandate obtained in the last 22nd AGM:

Name of Related Parties	Interested Directors and Major Shareholders	Nature of RRPT	Aggregate Value of Transactions (RM)
Perfect Food Manufacturing (M) Sdn. Bhd. ("**PFM**")	Sai Chin Hock^	Sales of corrugated carton boxes by Ornapaper Industry (M) Sdn. Bhd. ("**OISB**")	-
		Sales of stationery products by Quantum Rhythm Sdn. Bhd. ("**QRSB**")	-
Julie's Manufacturing Sdn. Bhd. ("**JM**")	Sai Chin Hock^, Sai Ah Sai# and Sai Han Siong*	Sales of corrugated carton boxes by OISB	9,690,814
		Sales of stationery products by QRSB	16,882

Corporate Governance Overview Statement

Name of Related Parties	Interested Directors and Major Shareholders	Nature of RRPT	Aggregate Value of Transactions (RM)
STH Wire Industry (M) Sdn. Bhd. ("**STH**")	Sai Chin Hock^ and his son, Sai Seak Chyuan, are directors of STH	Sales of corrugated carton boxes by OISB	76,059
		Sales of stationery products by QRSB	1,139
		Purchase of stitching wire by the Group	421,406
Johmewah Maju Paper Mill Sdn. Bhd. ("**JMPM**")	Sai Swee Seong@	Sales of waste paper by Ornapaper Industry (Batu Pahat) Sdn. Bhd. ("**OIBPSB**")	-
		Purchase of paper roll by OISB, OIBPSB and OIPSB	-
Fairway Review Sdn. Bhd. ("**FRSB**")	Sai Swee Seong@, Sai Han Siong* and Sai Ah Sai#	Factory rental incurred by QRSB>	660,000
PS3G Sdn. Bhd. ("**PS3G**")	Sai Swee Seong@	Sales of waste paper by Ornapaper Industry (Batu Pahat) Sdn. Bhd. ("**OIBPSB**")	362,346
		Purchase of paper roll by OISB, OIBPSB and OIPSB	3,020,450
Uptrend Performer Sdn. Bhd. ("**UPSB**")	Sai Swee Seong@	Maintenance jobs provided by UPSB to the Group<	443,297

^ *Sai Chin Hock is brother of Sai Ah Sai and is a Director and a Major Shareholder of the Company. Sai Chin Hock is also a Director and deemed a substantial shareholder of PFM and JM, by virtue of his substantial shareholdings in Julie's Corporation Sdn. Bhd., the holding company of PFM and JM.*

Sai Ah Sai is elder brother of Sai Chin Hock and the father of Sai Han Siong and Sai Swee Seong. Sai Ah Sai is a Director and a Major Shareholder of the Company. Sai Ah Sai is also a Director of JM, FRSB and Julie's Corporation Sdn. Bhd., the holding company of JM.

* *Sai Han Siong is the son of Sai Ah Sai, the nephew of Sai Chin Hock and the brother of Sai Swee Seong. Sai Hon Siong is a Director and a Major Shareholder of the Company. Sai Han Siong is also a Director of JM and Julie's Corporation Sdn. Bhd., the holding company of JM, and deemed a substantial shareholder of JM, by virtue of his substantial shareholdings in Julie's Corporation Sdn. Bhd., the holding company of JM. Sai Han Siong is also a director and substantial shareholder of FRSB.*

@ *Sai Swee Seong is the son of Sai Ah Sai and elder brother of Sai Han Siong. Sai Swee Seong is a Director of FRSB, JMPM, UPSB and PS3G respectively. He is also a substantial shareholder of FRSB, UPSB and PS3G.*

> *Factory rented by QRSB comprises of office, production and warehouse located at No. 1, Jalan Perindustrian Bachang Baru 3, Kawasan Perindustrian Batu Berendam Fasa IV, Bachang, 75350 Hang Tuah Jaya, Melaka for a tenancy period of 1 year at a monthly rental of RM55,000.00.*

< *Maintenance job provides by UPSB is for upkeeping of offices and factories of ORNA Group.*

This statement is made in accordance with a resolution of the Board dated 18 April 2025.

Audit Committee Report

COMPOSITION OF THE AUDIT COMMITTEE

The members of the Audit Committee are as follows:-

Name	Designation	Position
Lim Kit Ming	Independent Non-Executive Director	Chairman
Sean Ne Teo	Independent Non-Executive Director	Member
Tan Chin Hwee	Independent Non-Executive Director	Member

The composition of the Audit Committee is in compliance with paragraph 15.09 of the Main Market Listing Requirement (“MMLR”) of the Bursa Malaysia Securities Berhad, where the Audit Committee consists of three (3) Independent Non-Executive Directors and the Audit Committee Chairman, i.e. Mr. Lim Kit Ming, is a member of the Malaysian Institute of Accountants (“MIA”) which fulfils the requirements under paragraph 15.09(1)(c)(i) and Paragraph 7.1 of Practice Note 13 of the MMLR. The Audit Committee meets the requirement under Step Up Practice 9.4 of the Malaysian Code on Corporate Governance (“MCCG”) whereby the committee is comprised solely of Independent Non-Executive Directors.

The Audit Committee Chairman is an Independent Director and no alternate director has been appointed as a member of the Audit Committee.

In compliance with Practice 9.1 of the MCCG, the Chairman of the Audit Committee is not the Chairman of the Board of Directors of the Company. The Chairman of the Board of Directors is not a member of the Audit Committee pursuant to Practice 1.4 of the MCCG.

The profile of the members can be found on the Profile of the Directors set out in this Annual Report.

TERMS OF REFERENCE

The Terms of Reference of the Audit Committee is published on the Company’s website (www.ornapaper.com) under the “Corporate Governance” sub-section of the “Investor Relations” section.

MEETINGS OF THE AUDIT COMMITTEE

For the financial year ended 31 December 2024, there were a total of five (5) meetings held by the Audit Committee and details of the attendance of the Audit Committee members are as follows:-

Name	Number of Audit Committee Meetings Attended
Lim Kit Ming	5/5
Sean Ne Teo	5/5
Tan Chin Hwee	5/5

Audit Committee Report

The notice and agenda of the Audit Committee meetings, along with the minutes of the previous meeting and relevant meeting papers, were provided to the Audit Committee members at least five (5) business days prior to each meeting. As such, the members had sufficient time to review all papers to enable them to discharge their duties and responsibilities diligently and effectively in compliance with the MMLR and its Terms of Reference.

The Company Secretary is the Secretary of the Audit Committee and is responsible, together with the Chairman of the Audit Committee, for issuing and circulating the agenda, supported by relevant meeting papers prior to each meeting. The Company Secretary or the representatives attended all the meetings during the financial year.

The Accounts Manager, the representatives from the Management as well as the Company's external and internal auditors, were also invited to attend the meetings and present their reports, findings or required information and explanations for proper deliberation of the matters at hand during the meetings.

The Audit Committee provided reports and updates to the Board regarding significant issues and matters discussed in its meetings, and made recommendations to the Board where appropriate. Meeting minutes were distributed to all Board Members for review, enabling them to seek clarification and confirmation from the Audit Committee Chairman where necessary.

SUMMARY OF WORK OF THE AUDIT COMMITTEE DURING THE YEAR

The following is a summary of the works performed by the Audit Committee during the financial year ended 31 December 2024:-

a) Review the Quarterly Financial Reports

During the scheduled quarterly meetings, the Accounts Manager presented the draft unaudited quarterly financial statements to the Audit Committee for review. These statements included the statement of financial position, statement of comprehensive income, statement of cash flows, and accompanying notes to the accounts. The review primarily focused on key financial results, incorporating comparative figures from the preceding quarter and the preceding year's corresponding quarter. Any significant variances were analysed, with explanations provided and discussed with Management.

Additionally, the Management presented the Group's performance outlook for the upcoming quarter and financial year, offering insights into future prospects. The financial and non-financial performance of individual subsidiaries was also reviewed by the Audit Committee, based on reports presented by the Accounts Manager.

Following the Audit Committee's review, the quarterly financial results were recommended to the Board for approval before being announced to Bursa Malaysia Securities Berhad.

b) Review the External Auditors' Scope of Work and Audit Plan

During the financial year, the external auditors presented the Audit Plan to the Audit Committee for review and comment before the commencement of the audit engagement. This process ensured that the scope of the audit was comprehensive, adequate and sufficient time was allocated for the audit to be conducted effectively, without undue time constraints.

Audit Committee Report

The Audit Plan presented by the external auditors outlined the audit approach, areas of audit emphasis, assessment on information technology controls reliance, considerations of works by internal auditor, reporting and deliverables, management communication channels, engagement team and the proposed audit fees. It also covered fraud considerations, compliance with the Anti-Corruption Amendment (MACC Section 17A), and the latest Transparency Report for the financial year ended 31 December 2023. Additionally, the plan addressed the responsibilities of the Directors, Management and external auditors, alongside an independence declaration 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"). Updates on developments in accounting standards for the financial year were also included. The Audit Committee discussed the Audit Plan in detail, seeking clarifications from the external auditors before granting its approval.

During the same meeting, the proposed audit and non-audit fees were also reviewed by the Audit Committee before being recommended to the Board for approval.

c) **Review the Audited Financial Statements and Audit Results with External Auditors**

Before the announcement of the final quarterly unaudited financial statements, the audit results for the audit conducted on the financial statements of the Group were presented by the external auditors to the Audit Committee for review.

During the same meeting, the expected opinion on the financial statements was sought from the external auditors. The report on the audit results covered the status of the group audit, key audit matters, key audit findings, summary of corrected and uncorrected misstatements, internal control observations, proposed audit and non-audit fees, related party transactions and independence declaration in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of MIA and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). It also included outstanding confirmation and information, as well as key management personnel compensation.

For the Audit Committee's review of the audited statutory financial statements, the external auditors presented the Audit Review Memorandum (Closing Meeting), which provided updates on the audit status, a summary of unadjusted audit differences, a comparison between the announced financial results and audited results, and expected opinion on audited financial statements.

Following its review of audited statutory financial statements by the Audit Committee with the external auditors and the Management, the Audit Committee was satisfied that the audit had been appropriately planned and conducted in accordance with the approved auditing standards and the audited statutory financial statements have been prepared in full compliance with the applicable approved accounting standards and statutory requirements. Consequently, the Audit Committee recommended the audited financial statements of the Company and the Group for the Board's approval and adoption.

Audit Committee Report

d) Conduct of Performance Evaluation and Independent Assessment on External Auditors

During the financial year under review, the Audit Committee conducted a performance evaluation and independent assessment of the external auditors using the External Auditors Evaluation Form. The evaluation criteria encompassed the firm's calibre, quality processes and performance, the audit team's knowledge and expertise, independence and objectivity, audit scope and planning, audit fees and audit communications. In meetings with the external auditors, they reaffirmed their independence concerning the audit work performed and committed to maintaining ongoing communication with the Audit Committee regarding their independence status.

Additionally, the Audit Committee obtained confirmation from the external auditors that all non-audit services provided to the Group during the year complied with independence requirements. The external auditors further affirmed that they were not aware of any non-audit services that could compromise their independence as the auditors of the Group and the Company. As part of the performance evaluation, the Audit Committee also reviewed the Transparency Report prepared by the external auditors, which was presented during the financial year under review.

Based on the performance evaluations, the Audit Committee was satisfied with the external auditors' performance and independence and recommended their reappointment to the Board as auditors of the Company for the financial year ended 31 December 2024.

e) Meeting with External Auditors Without the Presence of the Executive Directors and Management

The Audit Committee held two private meetings with the external auditors on 28 February 2024 and 15 November 2024 respectively, without the presence of the Executive Directors and Management. These sessions provided the external auditors with an opportunity to raise any concerns or share professional opinions, ensuring their ability to perform their duties independently.

During these private discussions, the external auditors confirmed that there were no significant issues to be brought to the attention of the Audit Committee.

f) Review the Adequacy and Relevance of the Scope, Functions and Resources, Internal Audit Plan and Results from the Internal Audit Reviews with the Group's Outsourced Internal Audit Function

During the financial year, the Audit Committee received internal audit reports from the outsourced internal audit function, which included the audit observations, priority ratings, potential risks and implications, recommendations and agreed management action plans for the internal audit cycles conducted under the approved internal audit plan. Additionally, the status of implementation of the agreed management action plans for previous internal audit findings was reported through the follow-up reports for the Audit Committee's review.

During these meetings, the outsourced internal audit function also provided updates on the progress of the approved internal audit plan through follow-up reports. These reports covered key areas such as resources, experience, competency and continuous professional development, enabling the Audit Committee to assess the adequacy and effectiveness of the internal audit function.

Furthermore, the Audit Committee reviewed the renewal of the engagement and the proposed fees for the outsourced internal audit function before its approval.

Audit Committee Report

Details of the Audit Committee's oversight of the outsourced internal audit function are available in the Statement of Risk Management and Internal Control section of this Annual Report.

g) Conduct of Performance Evaluation on Outsourced Internal Audit Function

During the financial year under review, the Audit Committee conducted a performance evaluation of the outsourced internal audit function using the Internal Audit Function Evaluation Checklist. The evaluation criteria included experience, competency, resources and audit approach.

Based on the assessment, the Audit Committee was satisfied with the performance of the outsourced internal audit function.

h) Review the Disclosure of Related Party Transactions and Conflict-of-Interest Situation

During the scheduled quarterly meetings, the Accounts Manager provided updates to the Audit Committee on the value of individual Recurrent Related Party Transactions ("RRPT") from the date of shareholders' mandate to the end of the financial period. These updates were compared against the approved transaction values based on the shareholders' mandate obtained at the previous annual general meeting. This allowed the Audit Committee to take timely action should an RRPT approach or exceed 10% of the mandated amount.

In addition to monitoring RRPTs covered by shareholders' mandates, the Audit Committee was also informed by the Management on any RRPTs that did not require shareholder approval. This enabled the Audit Committee to review such transactions and ensure compliance with the MMLR.

Furthermore, the Audit Committee reviewed and monitored any conflicts of interest or potential conflicts of interest within the Company, ensuring that these situations were effectively identified and managed in accordance with the MMLR.

i) Review the Latest Changes and Developments in Accounting Standards

During the Audit Committee meetings, the Audit Committee was kept informed of new and revised accounting standards through disclosures in the quarterly report announcements and briefings provided by the external auditors.

j) Review the Draft Circular/Statement to Shareholders in relation to the Proposed Renewal of Existing Shareholders' Mandate for RRPTs of a Revenue or Trading Nature, and Share Buy-Back Statement in relation to the Proposed Renewal of Authority for the Company to Purchase its Own Shares

Based on its review of the draft circular/statement and the relevant procedures outlined therein, the Audit Committee was satisfied that the procedures established for the proposed renewal of the existing shareholders' mandate for RRPTs were adequate. The Audit Committee was of the view that these procedures ensured RRPTs were conducted at arm's length, in accordance with the Company's normal commercial terms, on terms which are not more favourable to the Related Parties than those generally available to the public, and were not to the detriment of the minority shareholders of the Company.

Additionally, the Audit Committee's review of the draft share buy-back statement focused on ensuring compliance with all relevant laws and regulations.

Audit Committee Report

k) Review of Statement and Reports Disclosed in the Annual Report

The Audit Committee reviewed various sections of the Annual Report, including the notice of the Annual General Meeting and proxy form, corporate information, profiles of Directors and key Management, Management Discussion and Analysis, Corporate Governance Overview Statement, Audit Committee Report, Statement on Risk Management and Internal Control, additional compliance information, Sustainability Statement and the Directors' Responsibility Statement as required under MMLR.

Additionally, the Audit Committee reviewed the Company's audited financial statements to ensure compliance with applicable laws, regulations, standards, the MMLR, the MCCG and other guidelines. Following its review, the Audit Committee recommended these documents to the Board for approval and subsequent publication in the Company's Annual Report.

l) Others

The proceedings of the Audit Committee meetings, including significant issues, concerns discussed, and, where appropriate, recommendations, were reported to the Board by the Audit Committee Chairman. Additionally, the minutes of the Audit Committee meetings were made available to all Board members for review, allowing them to seek clarification and confirmation from the Audit Committee Chairman if required.

SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to an independent professional firm, NeedsBridge Advisory Sdn. Bhd. This outsourced internal audit function reports directly to the Audit Committee and plays a key role in assisting both the Board and the Audit Committee by providing an independent assessment of the adequacy, efficiency and effectiveness of the Group's internal control system. The appointment or resignation of the internal audit function, along with the proposed audit fees, is subject to review and approval by the Audit Committee.

The audit engagement of the outsourced internal audit function is governed by an engagement letter and the Internal Audit Charter, both of which were approved by the Audit Committee during the financial year under review. The engagement letter outlines key terms, including the purpose and scope of work, accountability, independence, responsibilities of each party, authority granted to the internal audit function, limitation of scope of works, confidentiality, proposed fees and engagement team. Meanwhile, the Internal Audit Charter establishes the framework for the internal audit function, defining its purpose and mission, role, required professionalism (including adherence to The Institute of Internal Auditors' mandatory guidance, such as the Core Principles for the Professional Practice of Internal Auditing, Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (hereinafter referred to as "Standards"), reporting structure, independence and objectivity requirements, responsibilities, internal audit planning, reporting and monitoring, as well as the quality assurance and improvement program.

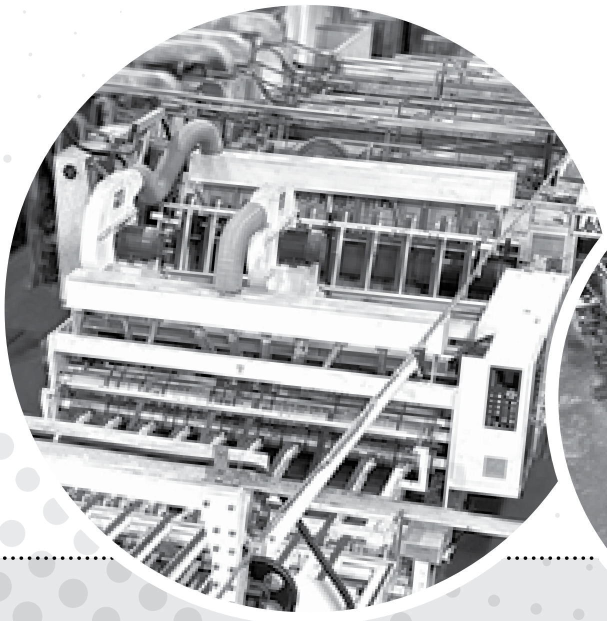
Audit Committee Report

The scope of the outsourced internal audit function is determined by the internal audit plan, which is reviewed and approved by the Audit Committee with input from Key Senior Management. To support the Audit Committee in its oversight responsibilities, the Audit Committee reviews reports presented by the outsourced internal audit function to assess its qualification, experience, exposure and commitment to continuous professional development. The Audit Committee also formally evaluates the performance, independence and objectivity of the internal audit function through the Evaluation of the Internal Audit Function Form.

To maintain independence and objectivity, the outsourced internal audit function is not permitted to act on behalf of Management, make or implement management decisions, conduct ongoing internal control monitoring (except for follow-ups on action plan implementation), authorise or execute transactions, prepare transactional source documents, hold custody of assets or assume any role equivalent to a member of Management or an employee. The internal audit function is granted unrestricted access to all functions, records, properties, personnel, the Audit Committee and other specialised services within or outside the Group, along with necessary assistance from relevant personnel during audits.

During the financial year, the outsourced internal audit function conducted scheduled internal audits in accordance with the approved internal audit plan (including any amendments). Identified internal control deficiencies and areas for improvement, along with corresponding recommendations and management action plans, were presented at the respective Audit Committee meetings. Follow-up reviews were also conducted to assess the implementation status of agreed management action plans, with the results reported to the Audit Committee.

Further details on outsourced internal audit function and its activities are disclosed in the Statement of Risk Management and Internal Control section of this Annual Report.



Statement on Risk Management and Internal Control

INTRODUCTION

Pursuant to paragraph 15.26(b) and Practice Note 9 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") in relation to the requirement to prepare a statement about the state of internal control of the listed issuer as a group, and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines") and the Malaysian Code on Corporate Governance ("MCCG"), the Board of Directors ("the Board") of Ornapaper Berhad ("Ornapaper" or "the Company") (collectively with its subsidiaries, "the Group") is pleased to present the statement on the state of the risk management and internal control system of the Group for the financial year under review and up to the date of approval of this statement. The scope of this Statement covers the Company and its subsidiaries.

BOARD RESPONSIBILITIES

The Board affirms its overall responsibility for maintaining sound governance, risk management and internal control systems and for reviewing their adequacy and effectiveness to provide assurance on the achievement of the Group's mission, vision, core values, strategies and business objectives as well as to safeguard all its stakeholders' interests and protect the Group's assets. The Board is to establish the risk appetite of the Group based on the risk capacity, strategies, business objectives, internal and external business context, business nature and corporate lifecycle. The Board is committed to the establishment and maintenance of an appropriate control environment and governance framework that is embedded into the corporate culture, processes and strategies of the Group as well as to articulate and implement risk management and internal control system. The Board delegates the duty of identification, assessment and management of key business risks to Risk and Sustainability Management Committee ("RSMC") while the oversight roles are delegated to Board Risk Management Committee ("BRMC") (for risk management) and Audit Committee ("AC") (for internal control system) whereby BRMC and AC are assigned with the duty, vide Group Risk Management Framework and Terms of Reference approved by the Board, to provide assurance to the Board on the adequacy and effectiveness of risk management and internal control system of the Group respectively. Through BRMC and AC, the Board is kept informed on all significant risk events and control issues brought to the attention of BRMC and AC by the management of the Company ("the Management"), the internal audit function and the external auditors, and the Board are provided with reasonable assurance that any impact arising from foreseeable future events or situations are properly managed and/or mitigated.

The system of internal control covers inter-alia, control environment, risk assessment control activities, information and communication and monitoring activities. However, in view of the limitations that are inherent in any system of internal control, the system of internal control is designed to manage, rather than to eliminate, the risk of failure to achieve the Group's business objectives. Accordingly, the system of internal control can only provide reasonable and not absolute assurance against material misstatement of losses and fraud.

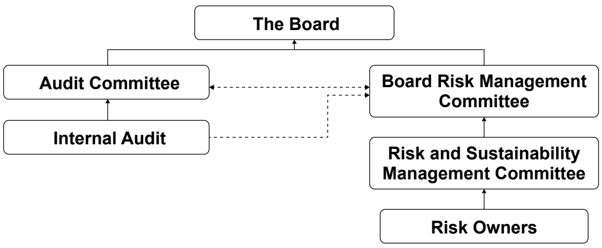
Statement on Risk Management and Internal Control

RISK MANAGEMENT

The Board maintains an ongoing commitment to identifying, evaluating and managing significant risks faced by the Group during the financial year under review. As the second-line-of-defence, the Board has put in place a structured Group Risk Management Framework that is integrated, as the governance structure and processes for risk management on enterprise wide, in order to embed the risk management practice into all levels of the Group and to manage key business risks faced by the Group as well as to optimise key business opportunities available to the Group adequately and effectively. The duties for the identification, evaluation and management of the key business risks are delegated to RSMC, led by the Chief Executive Director ("CED") with the designated Executive Director as alternate Chairman, in the absence of CED.

The principles, practices and process of the Group Risk Management Framework established by the Board are, in a material respect, guided by the ISO 31000:2018 – Risk Management - Guidelines.

The Group Risk Management Framework lays down the risk management objectives and processes established by the Board with the formalised governance structure of the risk management activities of the Group established as follows:



Clear roles and responsibilities of the Board, the BRMC, the AC, the RSMC, Risk Owners, the Key Risk & Sustainability Officer ("KRSO") and the Internal Audit Function are defined in the Group Risk Management Framework. In particular, the composition, roles and responsibilities of the BRMC and RSMC are listed below.

The BRMC is made up exclusively of Independent Non-Executive Directors and their roles and responsibilities are as follows:

(a) Review, assess, formulate and recommend risk management strategies, framework, policies, processes, tolerance and risk appetite limits to the Board;
(b) Monitoring of Group risk exposures to ensure implementation and compliance with approved risk policies and processes of the Group, and to ensure that significant risks identified are being responded to appropriately;
(c) Review the status of management action in mitigating significant risks identified;
(d) Review and assess the adequacy and effectiveness of the risk management structure, approved risk policies, processes, and support system and recommend such changes as may be deemed necessary to the Board;
(e) Review and assess the risks associated with all proposed strategic transactions of the Group and report the same to the Board for its deliberation of the transaction;
(f) Review the adequacy and effectiveness of the Group's system of internal controls established by the Management to manage key business risks through internal audit reports from the internal audit function; and
(g) To coordinate with the AC on the activities of the internal audit function of the Group in relation to the review of risk management policy, structure, processes and activities and to ensure significant business risks are adequately managed by the Group.

Statement on Risk Management and Internal Control

The RSMC members are nominated employees from various divisions in the Group (i.e. Executive Directors and Head of Departments) and it is chaired by CED with the Executive Director as the KRSO. The roles and responsibilities of RSMC are as follows:

(a) Implement the risk management policy as approved by the Board;
(b) Implement the risk management process which includes the identification of key risks and devising appropriate action plan(s) in cases where existing controls are ineffective, inadequate or non-existent and communicate methodology to the Risk Owners;
(c) Ensure that risk strategies adopted are aligned with the Group's organisational strategies. (e.g. vision/ mission, corporate strategies/goals, etc.), risk management policy and process and risk appetite/tolerance;
(d) Continuous review and update of the Key Risk Registers of the Group due to changes in internal business processes, business strategies or external environment and determination of management action plan, if required;
(e) Update the Board, through the BRMC, on changes to the Key Risk Registers on a periodical basis (at least on an annual basis) or when appropriate (due to significant changes to the internal business processes, business strategies or external environment) and the course of action to be taken by management in managing the changes; and
(f) To perform risk identification and assessment in relation to major asset/business acquisition or divestment or business diversification or business consolidation through the use of prescribed form and to report the results of the assessment to the Board for strategic decision making.

In addition, the Risk Owners which is made up of the Operational Management team, i.e. Managers and Head of Department, are designated as Risk Owners within their area of expertise and delegated with the following responsibilities:

(a) Manage the risks of the business processes under his/her control;
(b) Continuously identify risks and evaluate existing controls. If controls are deemed ineffective, inadequate or non-existent, establish and implement controls to reduce the likelihood and/or impact.
(c) To report to the RSMC the emergence of new business risks or change in the existing business risks through the use of prescribed forms in a timely manner and assist the RSMC.
(d) With the development of the management action plans and implement these action plans;
(e) Assist the RSMC with the annual update of the changes in the Key Risks Register, management action plans and the status of these plans; and
(f) Ensure that staff working under him/her understand the risk exposure of the relevant process under his/her duty and the importance of the related controls.

The Group Risk Management Framework specifies the structured risk management process, where each step of the risk and opportunity identification, evaluation, control identification, treatment and control activities are laid down for application by the RSMC and Risk Owners.

Statement on Risk Management and Internal Control

Risk assessments, at gross and residual levels, are guided by the likelihood rating and impact rating that was established based on the risk appetite acceptable by the Board. Based on the risk management process stipulated in the Group Risk Management Framework, Key Risk Registers are compiled by the KRSO and Risk Owners, with relevant key risks identified and rated based on the approved risk rating before reported to RSMC. The Key Risk Registers are primarily used for the identification of high residual risks which is above the risk appetite of the Group that require the Management and the Board's immediate attention and risk response(s) as well as for future risk monitoring. Key Risk Registers of key operating subsidiaries and assessment of emerging risks and opportunities identified at the strategic and operational level are subjected to review on an annual basis or on a more frequent basis if circumstances require and to report to the BRMC on the results of the review and assessment.

In addition, in line with ISO 9001:2015 and ISO 14001:2015 certification for its key subsidiaries, the Group has adopted a risk-based quality management system and environmental management system. The risk and opportunity management processes, consistent with the Group Risk Management Framework approved by the Board, were executed by Quality Management Representatives ("QMR"), with respective Managers and Heads of Department (i.e. the Risk Owners) responsible for managing risks and opportunities identified. The risk assessment process involved risk identification, risk assessment and risk treatment in accordance with the Group Risk Management Framework (including the rating of the likelihood and impact) and documented into Key Risk Registers (including the action plans to address such risk and/or opportunity).

In addition, RSMC had conducted an assessment exercise whereby existing strategic, governance, financial, operational, quality and environmental, fraud and bribery risks of key operating subsidiaries identified were assessed and treated based on the Group Risk Management Framework. Such risks identified and assessed were documented in respective Key Risk Registers maintained at the subsidiary level for on-going risks and opportunities monitoring and assessment.

Key Risk Registers consist of strategic, governance, financial, operational, quality and environmental, fraud and bribery risks and the likelihood and impact rating used were compiled by RSMC and tabled to BRMC during the financial year under review for its review and deliberation on its adequacy and effectiveness and for its reporting the results of review to the Board, which assumes the primary responsibility of the risk management of the Group.

At the operational level, risk management is embedded into key processes at all levels of the organisation structure whereby respective Head of Departments, as Risk Owners, are delegated with the responsibility to continuously identify, evaluate and manage the existing and emerging risks, resulting from changes to the internal and external environment faced by the Group by formulating and implementing adequate and effective internal controls to minimise the risk exposure identified as First Line role. Respective Heads of Department (i.e. Risk Owners) are responsible for managing the financial, operational, quality and environmental, fraud and bribery risks under their responsibilities by way of maintaining effective internal controls and having measures to manage such risks on a day-to-day basis. Critical or material risks highlighted by the Risk Owners are reported to BRMC, AC and the Board by the CED and Executive Director for deliberation and final decisions on the formulation and implementation of effective internal controls in managing such risks.

At the strategic level, business strategies with risk considerations are formulated by the CED and Executive Director and presented to the Board for review and deliberation to ensure proposed plans and strategies are in line with the Group's risk appetite. In addition, specific strategic and key operational risks are highlighted and deliberated by AC and/or the Board during the review of the financial performance of the Group in the scheduled meetings.

Statement on Risk Management and Internal Control

The monitoring of the risk management by the Group is enhanced by the internal audits carried out by the internal audit function with specific audit objectives and business risks identified for each internal audit cycle based on the internal audit plan approved by AC and audits performed by in-house independent personnel on compliance with a quality management system based on audit plan approved by CED.

The above process has been practiced by the Group for the financial year under review and up to the date of approval of this statement.

Please refer to the "Risk Factors Exposure" of the Management Discussion and Analysis for the significant risks faced by the Group and the mitigation plans implemented.

INTERNAL CONTROL SYSTEM

The key features of the Group's internal control system are made up of five core components, i.e. Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring Activities with principles representing the fundamental concepts associated with each component as follows:

- **Board of Directors and Board Committees**

  The role, functions, composition, operations and processes of the Board are guided by a formal Board Charter whereby roles and responsibilities of the Board, the Chairman of the Board and the Chief Executive Directors are specified to preserve the independence of the Board from the Management and to improve the oversight roles of the Board.

  Board Committees (i.e. AC, Remuneration Committee, Nomination Committee and BRMC) are established to carry out duties and responsibilities delegated by the Board, governed by written terms of reference.

  Meetings of the Board and respective Board Committees are carried out on a scheduled basis to review the performance of the Group, from a financial and operational perspective while meetings for the Remuneration Committee, Nomination Committee and BRMC are carried out at least once yearly or whenever deemed necessary. Potential business strategies and business plans are proposed by the Executive Directors to the Board for its review and approval, after taking risk into consideration and responses thereto.

- **Organisation Structure and Accountability**

  Clearly defined and structured lines of reporting and responsibility for key business units/departments within the Group are established to ensure operational efficiency, accountability and effectiveness with the Board assuming the oversight roles. Suitably qualified employees are employed so that the appropriate level of authority and responsibilities can be delegated while accountability of performance and controls are assigned accordingly.

Statement on Risk Management and Internal Control

- **Human Resource Management**

  Job descriptions are established and annual performance appraisals are performed for key positions within the Group in order to ensure employees are equipped with the relevant knowledge and skills required to perform their duties and responsibilities diligently and effectively.

  Comprehensive guidelines on human resource management are in place to ensure the Group's ability to operate in an effective and efficient manner by employing and retaining adequate competent employees who possess the necessary knowledge, skill and experience (which are enhanced by continuous trainings thereafter) to carry out their duties and responsibilities effectively and efficiently.

- **Integrity and Ethical Value**

  The tone from the top on integrity and ethical values are enshrined in the formalised Code of Conduct updated and approved by the Board. This formal code forms the foundation of integrity and ethical value for the Group.

  Integrity and ethical values expected from the employees are incorporated in the Employees Handbook whereby ethical behaviours expected from customers, suppliers, employees, society and the environment are stated. The code of conduct expected from employees to carry out their duties and responsibilities assigned are also established and formalised in the Employees Handbook.

  To further enhance the ethical value throughout the Group, a formal Anti-Bribery and Corruption Framework has been put in place by the Management to prevent the risk of bribery and conflict of interest within the Group with a Whistle-blowing Policy implemented for all stakeholders to raise genuine concerns about possible improprieties in matters of financial reporting, compliance and other malpractices at the earliest opportunity.

  The Whistle-blowing Policy is established to facilitate the reporting of improper conduct and other offences to competent governance bodies within the Group, which is available for download from the "Corporate Governance" section under "Investor Relations" of the Company's website for ease of access.

  In addition, a Grievance System is put in place for the reporting of grievances faced by the employee and the process of handling grievances received.

  Compliance with the Code of Conduct and Anti-Bribery and Corruption Framework is monitored via a control activity monitoring mechanism implemented (including but not limited to, Whistle-blowing policy and Grievance System) with non-compliances are timely detected and investigated with appropriate corrective action, including but not limited to disciplinary actions, taken to rectify non-compliance.

- **Policies, Procedures and Authorisation Requirements**

  Policies and standard operating procedures for the Group are established to regulate key processes in compliance with International Organisation for Standardisation ("ISO") certifications. Authorisation requirement for key processes is clearly defined in the respective policies and procedures and limit of the authority matrix.

Statement on Risk Management and Internal Control

- **Risk Assessment and Control Activities**

  Risk assessment is performed by Risk Owners annually or when there is a change in internal and/or business context in accordance with the Group Risk Management Framework. Internal controls, as risk responses, are formulated and put in place to mitigate risks identified to a level acceptable by the Board.

  Policies and standard operating procedures are regularly reviewed and updated to ensure it is relevant to support the Group's business activities in achieving the Group's business objectives.

- **Information and Communication**

  At the operational level, clear reporting lines are established across the Group and operational reports are prepared for dissemination to relevant personnel for effective communication of critical information throughout the Group and for timely decision making and execution in pursuit of business objectives. Matters that require the Board and the Key Senior Management's attention are highlighted for review, deliberation and decision on a timely basis.

  The Group puts in place effective and efficient information and communication infrastructures and communication channels (i.e. computerised system, secured intranet, electronic mail system and modern telecommunication and processing system) so that operational data and external data can be collected and processed into relevant management information and communicated in a timely and secure manner to dedicated personnel within the Group for decision making and for communication with relevant external stakeholders.

  Communication of policies and procedures of the Group are conducted via written format, information boards, electronic mail system and in-house trainings by respective risk or control owners.

- **Monitoring and Review**

  Key performance indicators are formulated on a yearly basis to monitor the performance of key divisions and departments against targets established for prompt management action to be addressed for unsatisfactory performance. During the monthly management review meetings, comprehensive operational reports are prepared by respective departments to assess the Group's performance against the performance indicators established and to discuss current or new operational risks in order to formulate and implement mitigating controls.

  Aside from the monthly management review meetings, the Executive Directors are closely and directly involved in operations, with weekly Executive Committee ("EXCO") meetings held with the EXCO team, which consists of Key Senior Management, for the review of operational information, including production, marketing and financial information.

  Apart from the weekly EXCO meetings and monthly management review meetings, Quality Management System (ISO 9001) meetings are also held to review and discuss on the Group's performance in relation to the quality and environmental standards established and to identify areas for improvement in order to achieve the Group's quality and environmental objectives.

  In addition to the internal audits, significant control issues are highlighted by the external auditors as part of their statutory audits. The monitoring of compliance with ISO certification are carried out by surveillance audit by independent consultants engaged by the Group.

Statement on Risk Management and Internal Control

INTERNAL AUDIT FUNCTION

The Group relies on internal audit mechanisms to provide the Board and the Management with the required level of assurance that the governance, risk management and internal controls are adequate and effective in mitigating organisational risks so that the business objectives of the Group are achievable.

The Group's internal audit function is outsourced to an independent professional firm, namely, NeedsBridge Advisory Sdn Bhd, to provide the Board with the assurance required regarding the adequacy and effectiveness of the Group's risk management and internal control system. To uphold the professional firm's independence and objectivity, the outsourced internal audit function is reporting directly to the AC.

The internal audits are carried out, in material aspect, in accordance with the International Professional Practices Framework ("IPPF"), i.e. Mission, Core Principles for the Professional Practice of Internal Auditing, Code of Ethics and the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors Global ("IIA Global"). The engagement director, Mr. Pang Nam Ming, is a Certified Internal Auditor ("CIA"), has a Certification in Risk Management Assurance ("CRMA") accredited by the IIA Global and is a professional member of the Institute of Internal Auditors Malaysia ("IIAM"). As a CIA, the engagement director is required to declare compliance with the Standards of the Institute of Internal Auditors during his renewal as CIA.

The audit engagement of the outsourced internal audit function is governed by the engagement letter with key terms including purpose and scope of works, accountability, independence, the outsourced internal audit function's responsibilities, the management's responsibilities, the authority accorded to the outsourced internal audit function, limitation of scope of works, confidentiality, proposed fees and engagement team. The audit engagement is also governed by the Group's Internal Audit Charter, which was established and approved by the Board. The appointment and resignation of the outsourced internal audit function as well as the proposed audit fees are subject to review by the AC and for its reporting to the Board for ultimate approval. During the financial year under review, the resources allocated to the fieldwork of the internal audit by the outsourced internal audit function were one (1) assistant manager and assisted by at least one (1) senior consultant and one (1) consultant per engagement with oversight performed by the director.

To preserve independence and objectivity, the outsourced internal audit function is not permitted to act on behalf of Management, decide and implement management action plan, perform on-going internal control monitoring activities (except for follow up on the progress of action plan implementation), authorise and execute transactions, prepare source documents on transactions, have custody of assets or act in any capacity equivalent to a member of the Management or the employee.

Based on the formal evaluation of the internal audit function and review of the works performed and deliverables (including but not limited to staff strength, qualification, experience, and continuous professional education) by the outsourced internal audit function during the financial year, the AC and the Board are satisfied:

- that the outsourced internal audit function is free from any relationships or conflicts of interest which could impair their objectivity and independence;
- with the scope of the outsourced internal audit function;
- that the outsourced internal audit function possesses the relevant experience, knowledge, competency and authority to discharge its functions effectively, possesses sufficient resources and has unrestricted access to employees and information for the internal audit activities; and
- with the internal audit plan, results, processes, and the results of the internal audit and/or investigation undertaken (if any).

Statement on Risk Management and Internal Control

Risk-based internal audit plan in respect of the financial year ended 31 December 2024 was drafted by the outsourced internal audit function, after taking into consideration existing and emerging key business risks identified in the Key Risk Registers, the opinions of the Executive Directors and Key Senior Management and previous internal audits performed, and was reviewed and approved by the AC prior to execution. Each internal audit cycle within the internal audit plan is specific with regard to the audit objective, key risks to be assessed and scope of the internal control review.

As the third-line-of-defence, the internal control review procedures performed by the outsourced internal audit function are designed to understand, document and evaluate risks and related controls to determine the adequacy and effectiveness of governance, risk structures, control structures and control processes. The recommendations from the outsourced internal audit function are formulated based on the root cause(s) of the internal audit observations. The internal audit procedures applied principally consisted of process evaluations through interviews with relevant personnel involved in the process under review, review of the Standard Operating Procedures and/or process flows provided and observations of the functioning of processes in compliance with the results of interviews and/or documented Standard Operating Procedures and/or process flows. Thereafter, testing of controls through the review of the samples selected based on sample sizes for the respective audit areas calculated was in accordance with our predetermined formulation, subject to the nature of testing and verification of the samples.

During the financial year ended 31 December 2024, in accordance with the internal audit plan (and any amendments thereof) approved by AC, the outsourced internal audit function has conducted an internal control review on human resources and payroll management as well as production management of two (2) of its key operating subsidiaries in Malaysia.

Upon the completion of the internal audit field works during the financial year, the internal audit reports were presented to AC during its scheduled meetings. During the presentation, the internal audit findings priority level, risk/potential implication, recommendations as well as management responses/action plans and person-in-charge together with the date of implementation were presented and deliberated with AC. This is to enable the AC to form an opinion on the adequacy and/or effectiveness of the governance, risks and controls of the business processes under review. Progress follow ups were performed by the outsourced internal audit function on the management action plans that were not implemented in the previous internal audit fieldworks by way of verification via observation or through verification of samples provided by person-in-charge to substantiate the implementation of the management action plan. Together with the internal audit reports, the updates on the implementation progress of action plans formulated per previous internal audit reports via the Action Plan Progress Report were also presented to AC during the financial year for review and deliberation.

In addition, during the AC meeting, the outsourced internal audit function reported its staff strength, qualification and experience as well as continuous professional education for the AC's review.

In addition to the above, for the purpose of compliance with ISO 9001 and ISO 14001 Quality and Environmental Management Systems, internal quality audits are carried out by in-house independent personnel and surveillance audit is conducted by an independent certification body to provide assurance on compliance with established ISO procedures. In relation to compliance with the Anti-Bribery and Corruption Framework, internal audits were performed by in-house independent personnel with such internal audit activities reported to the BRMC during the financial year under review.

The cost incurred in maintaining the outsourced internal audit function for the financial year ended 31 December 2024 amounted to RM 41,912.

Statement on Risk Management and Internal Control

ASSURANCE PROVIDED BY THE CHIEF EXECUTIVE DIRECTOR AND THE PERSON PRIMARILY RESPONSIBLE FOR THE MANAGEMENT OF THE FINANCIAL AFFAIRS

During the meeting of the Board, the performance of the Group was reviewed and deliberated, including but not limited to, the adequacy and effectiveness of risk management and internal control system in relation to the business objectives of the Group.

In addition, in line with the Guidelines, the CED, being the highest-ranking executive in the Company and the person primarily responsible for the management of the financial affairs of the Company, had provided assurance to the Board in writing stating that the Group's risk management and internal control systems have operated adequately and effectively, in all material aspects, to meet the Group's objectives during the financial year under review.

OPINION AND CONCLUSION

Based on the review of the risk management results and process, results of the internal audit activities, monitoring and review mechanism stipulated above, coupled with the written assurance provided by the CED, the Board is of the opinion that the risk management and internal control system are satisfactory based on the existing nature of business and scale of operations of the Group, to safeguard the interest of the stakeholders and the Group's assets, and there had been no material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report. The Board continues to take pertinent measures to sustain and, where required, to improve the Group's risk management and internal control system in meeting the Group's business objectives.

The Board is committed to maintaining an effective risk management and internal control system throughout the Group and strives for continuous improvements to further enhance the Group's risk management and internal control system. Notwithstanding this, the Board will continue to evaluate and manage the significant business risks faced by the Group in order to achieve its mission, vision, core values, strategies and business objectives.

ASSURANCE PROVIDED BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the Listing Requirements of Bursa Securities, the External Auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with Audit and Assurance Practice Guides ("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 ("MIA"). Based on their review, nothing has come to their attention that causes them to believe that this Statement is neither prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Guidelines and Practice 10.1 and 10.2 of the MCCG to be set out, nor factually incorrect.

Sustainability Statement

Introduction

The Board of Directors (“the Board”) of Ornapaper Berhad (“Ornapaper”) recognises the importance of developing and enhancing business operations in a sustainable and responsible manner. We are committed to creating long-term value across our value chains by embedding sustainability into our core business strategies, operations, and governance practices. This commitment not only drives the long-term growth of Ornapaper and its subsidiaries (“Ornapaper Group”) but also fosters lasting, mutually beneficial relationships with our stakeholders.

Sustainability is a cornerstone of our business strategy, especially as we navigate shifting business landscapes and operational complexities. We place great emphasis on meeting evolving customer expectations while minimising environmental impact and contributing to improved quality of life for current and future generations. Our sustainability agenda aligns with the Sustainable Development Goals (“SDGs”) established by the United Nations, underscoring our responsibility to promote prosperity while safeguarding the environment.

The Board is committed to good sustainability governance, including regular performance updates and proactive stakeholder engagement to ensure long-term business sustainability. Transparent sustainability reporting forms part of this commitment, covering the economic, environmental, and social aspects of our business operations. We believe that meaningful stakeholder engagement is essential in ensuring the relevance and resilience of Ornapaper Group’s business practices.

Through this Sustainability Statement (“Statement”), we aim to provide stakeholders with greater insight into how we create long-term sustainable value and how we are progressing in meeting our sustainability commitments. Ornapaper Group is dedicated to operating with integrity, accountability, and transparency across the value chain. We are also focused on adapting to changing market, industry, and national developments while creating shared value for both the business and society. As a responsible corporate citizen, we acknowledge our dual responsibility to deliver strong economic performance while contributing positively to the social and environmental landscape.

Beyond driving financial performance, the Board recognises that long-term success requires upholding high standards of conduct across governance, economic, environmental, and social dimensions. Our goal is to strike an optimal balance between short-term results and long-term value creation, aligned with the expectations of our stakeholders and Ornapaper Group’s strategic objectives. We are committed to ensuring that Ornapaper Group’s growth is both inclusive and sustainable in an increasingly competitive and fast-changing global environment.

Recent global developments, from heightened geopolitical tensions and trade frictions to the energy crisis and inflationary pressures, have disrupted industries worldwide and intensified interconnected challenges including poverty, inequality, carbon emissions, health, education, and economic resilience. Despite these complex and evolving challenges, Ornapaper Group remains committed to sustainable principles and practical implementation. Our long-term sustainability strategy integrates economic performance, responsible governance, environmental stewardship, and social contribution, enabling us to navigate uncertainty while upholding high standards in every aspect of our operations.

Our sustainability practices are geared toward driving long-term impact. We focus on responsible business conduct, managing environmental impacts, promoting workplace safety and well-being, and supporting the social needs of the communities we operate in. Ornapaper Group continues to enhance its efforts in energy efficiency, waste reduction, and alignment with government-led sustainability initiatives. We recognise that sustainability is not just a compliance obligation but a strategic driver of trust, brand value, and market opportunity.

Sustainability Statement

The Board of Ornapaper Group is pleased to present the Sustainability Statement for the financial year ended 31 December 2024. The Sustainability Statement underscores our commitment towards sustainability by addressing key sustainability matters relevant to Ornapaper Group's nature and business operations, with the ultimate aim of creating more value for our businesses, society and stakeholders. The Sustainability Statement is prepared pursuant to paragraphs 6.1, 6.2, 6.3 and 6.5 of Practice Note 9 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). In particular, the management of material sustainability matters is disclosed, in all material aspects, in accordance with Part III of Practice Note 9 of MMLR of Bursa Securities and the Sustainability Reporting Guide issued by Bursa Securities ("the Guide") on the content of the Sustainability Statement.

As we move forward, Ornapaper Group is dedicated to further embedding sustainability into our operations and decision-making. In an era where global challenges such as climate change, social inequality, resource scarcity, and public health concerns are increasingly pressing, we remain focused on integrating sustainable practices into our culture, business processes, and stakeholder engagements. We aim to continuously improve our sustainability performance and transparency, and to grow responsibly in ways that benefit the economy, the environment, and society at large. Ornapaper Group is steadfast in its resolve to uphold sustainability as a key business priority and to create long-term, meaningful value for all stakeholders.

Scope of the Statement

The contents of this Sustainability Statement primarily cover activities undertaken during the financial year ended 31 December 2024, as well as relevant developments up to the date of this Statement. It focuses on the management and performance of Ornapaper Group's material economic, environmental, and social aspects in line with applicable sustainability disclosure requirements. The Statement outlines Ornapaper Group's stakeholder engagement processes, materiality assessment, sustainability initiatives, and disclosures on key impacts across the value chain. These are intended to support stakeholder understanding of Ornapaper Group's efforts in managing its sustainability risks and opportunities.

Disclosures related to corporate governance practices and compliance with relevant provisions and requirements per the MMLR of Bursa Securities, as well as the Malaysian Code on Corporate Governance ("MCCG"), are provided separately in the Corporate Governance Report and Corporate Governance Overview Statement included in this Annual Report.

Ornapaper Group's operations primarily comprise the manufacturing of paper-based packaging and stationery products, along with the provision of logistics services across Malaysia. The core business segment, which is the paper packaging segment, includes the manufacturing and sale of corrugated boards and carton boxes, contributed approximately 93% of Ornapaper Group's total revenue. Meanwhile, Ornapaper Group's secondary business segment focuses on the manufacturing of paper-based stationery products, which accounted for approximately 6% of the Group's total revenue.

As of the date of this Statement, the information disclosed in this Statement covers the identification, management, and reporting of sustainability matters and performances across six (6) primary subsidiaries of Ornapaper. These subsidiaries are the key contributors to Ornapaper Group's revenue, through their involvement in the manufacturing of paper-based packaging and stationery products, as reflected in the revenue proportions mentioned above.

Sustainability Statement

The six (6) primary subsidiaries are Ornapaper Industry (M) Sdn. Bhd. ("Ornapaper Melaka"), Ornapaper Industry (Batu Pahat) Sdn. Bhd. ("Ornapaper Batu Pahat"), Ornapaper Industry (Perak) Sdn. Bhd. ("Ornapaper Perak"), Ornapaper Industry (Johor) Sdn. Bhd. ("Ornapaper Johor"), Tripack Packaging (M) Sdn. Bhd. ("Tripack") and Quantum Rhythm Sdn. Bhd. ("Quantum") (collectively referred to as "the Companies" or "the Group", and individually referred to as "the Company").

Statement of Assurance

This Sustainability Statement has not been subjected to an assurance process.

Sustainability Principles

The Board, as the highest governance body within Ornapaper Group, holds ultimate accountability for embedding sustainability into the Group's operations, strategy, and performance. Ornapaper Group is fully committed to advancing sustainability by continually integrating it into its work culture, business practices, and decision-making processes. The Group remains focused on meeting stakeholder expectations while pursuing strategic objectives, guided by a strong commitment to accountability and transparency in sustainability performance. This commitment is anchored in the following principles endorsed by the Board:

- To observe and comply with all relevant legislation, regulations, recommended trade practices, and code of practice applicable to Ornapaper Group;
- To consider sustainability matters and integrate these considerations into Ornapaper Group's business operations and when making and implementing business strategies;
- To manage sustainability matters in a structured and systematic manner, whereby sustainability matters are embedded throughout Ornapaper Group and to be documented, continuously assessed and managed with reporting to the Board on scheduled intervals or as and when the materiality of the sustainability matters requires such reporting;
- To continuously promote, train and communicate with all employees, suppliers, business partners and other relevant stakeholders to ensure that they are aware of, and are committed to, implementing and measuring sustainability activities as part of Ornapaper Group's or their strategy, taking into consideration economic, environment, social and governance aspects;
- To continuously engage and communicate with all relevant stakeholders for the identification, assessment and management of material sustainable issues; and
- To strive to improve Ornapaper Group's sustainability performance over time.

Sustainability Policy

Ornapaper Group's sustainability policy reflects its enduring commitment to responsible business conduct and the creation of long-term value. Guided by the 2030 Agenda for Sustainable Development and the 17 SDGs established by the United Nations, the Group aligns its operations with global efforts to eradicate poverty, improve health and education, reduce inequality, stimulate inclusive economic growth, and address the impacts of climate change and environmental degradation.

The SDGs are interconnected, acknowledging that progress in one area influences outcomes in others. They highlight the importance of adopting a balanced approach to achieving long-term sustainability, encompassing economic, social and environmental dimensions. As a global call to action, the SDGs urge collective efforts from all nations to achieve sustainable development by 2030.

Sustainability Statement

Amidst ongoing global uncertainties, including geopolitical tensions, inflationary pressures, energy market volatility, and increasingly complex environmental and social challenges, Ornapaper Group remains resolute in its commitment to fostering ethical, accountable, and sustainable business practices. These developments reinforce the importance of resilient governance and responsible corporate behaviour, guiding the Group in navigating risks while contributing positively to society and the environment.

To formalise this commitment, the Board has adopted a Sustainability Policy that integrates sustainability into the Group's corporate strategy, daily operations, and stakeholder engagement efforts. This policy reinforces the Group's approach to upholding responsible business conduct while pursuing excellence and innovation in its core industries. The Sustainability Policy covers the following key areas:

- To continuously identify and engage with potential suppliers at key operational locations to optimise cost efficiency and sales value.
- Compliance with high ethical standards of suppliers.
- To diversify customer portfolio in order to preserve the economic interests of all relevant stakeholders and mitigate the risk of overreliance on key customers.
- To ensure that investments in machinery are aligned with operational requirements, support timely customer delivery, and enhance overall product quality.
- To voluntarily contribute to local authorities and actively create value-added impact for surrounding communities.
- To uphold business excellence and ensure operational continuity.
- To comply with all applicable environmental and occupational safety and health regulations.
- To adopt sustainable ("green") principles in procurement and manufacturing practices.
- To reduce material consumption through the effective implementation of 3R principles – Reduce, Reuse, and Recycle.
- To manage and dispose wastes in a responsible manner.
- To demonstrate integrity and honesty by adhering to high moral principles and maintaining zero tolerance for unethical or non-compliant behaviour.
- To commit to providing a safe, healthy, and conducive working environment for all employees.
- To enhance employee skills through continuous training and development programmes.

Sustainability Statement

Governance Structure and Process

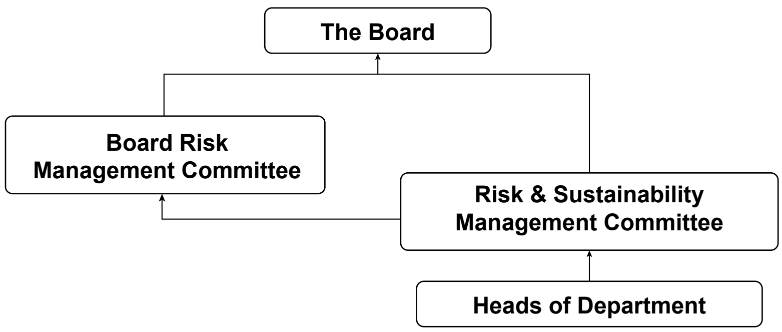
Good governance is fundamental to Ornapaper Group's ability to operate in a responsible, transparent, and sustainable manner. The Board acknowledges its overarching responsibility for integrating sustainable economic, environmental, and social practices throughout the organisation. This includes embedding sustainability into strategic planning, overseeing its implementation, and monitoring performance to ensure continuous improvement. The Group's governance structure for sustainability management is developed with reference to the Guide and Toolkit: Governance issued by Bursa Securities, with necessary adaptations to suit the scale, complexity, and operational context of Ornapaper Group's businesses.

Ornapaper Group's commitment to sustainable practices is embedded across all levels of the organisation. At the leadership level, the Board, Executive Directors, and the management of the Company ("Management") collectively recognise the importance of understanding, adopting, and promoting sustainable practices in alignment with the Group's vision, values, and long-term objectives.

To reinforce this commitment, the Board has instituted a formal governance structure to ensure accountability, effective oversight, and systematic review with respect to the identification, management and reporting of sustainability matters and performance. This structure is designed to ensure that sustainability initiatives across all levels of organisation and business units are aligned with the Group's strategic direction and Board-level expectations. Clear reporting mechanisms have been established to facilitate timely identification and management of sustainability-related risks and opportunities. These mechanisms allow for regular monitoring and informed decision-making to drive continual progress in sustainability performance.

The Risk and Sustainability Management Committee is tasked with key responsibilities in identifying, assessing, managing, and reporting sustainability matters and performance. This Committee plays a pivotal role in steering sustainability initiatives and ensuring their alignment with Ornapaper Group's overall strategy and long-term goals.

The Board has formalised its sustainability principles and expectations through the adoption of a comprehensive Sustainability Framework. In line with the nature, scale, and geographical spread of the Group's businesses, the Board has established a formal governance structure to support the identification, management, and reporting of sustainability matters and performance, as outlined below:



Sustainability Statement

The governance structure delineates clear roles and responsibilities for the Board, the Audit Committee, the Risk and Sustainability Management Committee, Heads of Department, and the Key Risk and Sustainability Officer. Essentially, the Board assumes ultimate responsibility for sustainability management and performance across Ornapaper Group, while the Audit Committee oversees sustainability management and performance for reporting to the Board.

The Risk and Sustainability Management Committee, chaired by the Chief Executive Director and Executive Director of Ornapaper, is entrusted with the following responsibilities:

a. Implement the sustainability strategy and management policy as approved by the Board;
b. Lead and implement the process of sustainability matters identification, assessment and management and devising appropriate action plans in cases where sustainability issues are not adequately or effectively addressed and communicate proposed action plans to the Heads of Departments;
c. To conduct a periodic review of all sustainability matters of the Group (at least on an annual basis) and determine the adequacy of the response and the current standing of the sustainability matters and to report the review results (including material sustainability matters) and recommendations to the Audit Committee;
d. To manage stakeholder engagement for input for assessment and communication of results of review and response;
e. To implement the material sustainability matters' indicator and the target and performance monitoring thereof and the preparation of sustainability disclosures as required by laws and/or rules, and to report to the Audit Committee for review;
f. To oversee the Heads of Departments in the implementation of systems of sustainability management;
g. To update the Audit Committee on changes to the material sustainability matters on a periodical basis (at least on an annual basis) respectively or when appropriate (due to changes in the external environment or internally) and the course of action to be taken by management in managing the changes; and
h. To ensure relevant sustainability trainings are provided for the appropriate level of employees to cultivate a positive attitude and promote the correct approach toward sustainability management.

As for the Heads of Department, their primary responsibilities are to manage sustainability matters within their respective business processes and to assist the Risk and Sustainability Management Committee with the implementation of the process of sustainability matters identification, assessment, management and monitoring of all sustainability matters.

The sustainability matters management process is established by the Board in compliance with the Guide and Toolkit: Materiality Assessment issued by Bursa Securities, with necessary adaption based on the nature and scale of the businesses of the Group, taking into consideration the business strategies promoted by the Board, as follows:

- Identification of the intended stakeholder groups and sub-groups, the focus areas expected by the intended stakeholders and engagement objective(s) for each stakeholder group through Stakeholders' Mapping and the establishment of the Stakeholders' Profile;

Sustainability Statement

- The stakeholders identified for each significant business segment and geographical segment are prioritised in relation to their influence over and dependence on the Group so that the Group can put in more effort on stakeholder groups that have higher influence and/or dependency and the concerns of such stakeholders will carry greater weight. The prioritisation of the stakeholders is conducted by the Risk and Sustainability Management Committee by using the Stakeholder Prioritisation Matrix, whereby each stakeholder identified is assessed by using the influence and dependence criteria and rating scale established by the Board. The results of the prioritisation can be used to determine the level of engagement to be employed by the Group with respective stakeholders (from collaborating/empowering to keeping informed) based on the perceived influence and dependency of each stakeholder group;

- Identification of sustainability matters for each significant business segment and geographical segment via internal sources (through internal documentation as well as an information system and internal stakeholders' communication via engagement medium and direct communication) and from external sources (through internal documentation, management information system, trusted public domains, correspondences with external stakeholders and external stakeholders' communication via engagement medium and direct communication);

- Sustainability matters identified for each significant business segment and geographical segment via internal and external sources are refined, consolidated and categorised into respective sustainability categories determined by the Board and enlisted in the Sustainability Matters Listing, detailing the influential and dependent internal and external stakeholders;

- Sustainability matters categorised in the Sustainability Matters Listing are subjected to internal materiality assessment by the Risk and Sustainability Management Committee in order to prioritise the sustainability matters for assessment by internal and external stakeholders.

  Sustainability issues are considered material if:
  - it has significant economic, environmental and social impacts on the Group from the organisation's point of view;
  - substantively influence the assessments and decisions of stakeholders from the stakeholders' point of view; and
  - it has significant economic, environmental and social impacts that affect the ability to meet the needs of the present and future generations.

  The internal materiality assessment entails the assessment by the Risk and Sustainability Management Committee based on the rating scale established by the Board on the significance of each sustainability matter on the revenue, cost, reputation, strategic and operational risk and business opportunities criteria.

  From internal and external stakeholders' perspectives, stakeholders' assessment of sustainability matters is based on the significance of such matters to influence the assessment and decision by respective stakeholders. The stakeholders' assessment of the sustainability matters is obtained during stakeholders' engagement, either through direct communication by the Risk and Sustainability Management Committee or Heads of Departments, via the rating system established by the Board.

- Subsequent to the assessment process, sustainable matters identified above are subjected to risk management policy and process established by the Board for the assessment and management of the risk and opportunities identified.

Sustainability Statement

In the context of sustainability matters management, the current standing of sustainability matters is assessed for its adequacy and effectiveness by the Risk and Sustainability Management Committee and to formulate management response (if existing controls are inadequate or ineffective) to mitigate the sustainability risk or optimise the sustainability opportunities, in line with the risk appetite and business strategies established by the Board. Please refer to the Statement on Risk Management and Internal Control on the risk management system employed by Ornapaper Group in the identification, management and monitoring of business risks.

- For the management of material sustainability matters, the Risk and Sustainability Management Committee is to develop a position and response with respect to each material sustainability matter in the following manners:
  - developing policies and procedures;
  - implementing various initiatives, measures or action plans;
  - to comply with applicable laws and regulations;
  - setting indicators, goals, targets and timeframe in line with the strategic objectives; and
  - implementing new, or changing existing systems, to capture, report, analyse, and manage data equirements.

  The Risk and Sustainability Management Committee is to monitor the current standing (including but not limited to, indicators, target and actual performance) and responses of the material sustainability matters and actual performance and to report to the Audit Committee on a yearly basis for review and for their recommendation to the Board for review and approval.

Stakeholder Engagement

The Board recognises and acknowledges the pivotal role of internal and external stakeholders in realising Ornapaper Group's missions and ensuring long-term business sustainability and excellence. Therefore, a stakeholder-driven approach to sustainability forms the cornerstone of our sustainability strategy and reporting. Maintaining robust communication, understanding, and relationships with stakeholders through various platforms, continuous dialogue sharing of information with stakeholders is essential for the success and sustained growth of our businesses.

Ornapaper Group places strong emphasis on engaging with its employees, customers, suppliers, investors, regulators, and local communities. Understanding the expectations and interests of these stakeholder groups is essential to building trust, enhancing reputation, motivating workforce morale, and delivering long-term sustainable value. Transparent and responsive communication allows Ornapaper Group to align stakeholder expectations with its sustainability objectives and operational strategies.

It is on this basis that the Board is pursuing the sustainable strategy of continuous engagement with internal and external stakeholders who are dependent on and/or influenced by the activities undertaken by Ornapaper Group, and to ensure that such engagements include all internal and external stakeholders across the value chain and to respond proactively, via formal and informal channels, to the concerns and views of respective stakeholder groups.

Sustainability Statement

During the financial year under review and up to the date of this Statement, with regard to the sustainability assessment, management and monitoring process, the Risk and Sustainability Management Committee relied on informal channels, such as meetings and face-to-face communication, facilitated by Heads of Department and Executive Directors, supplemented by formal communication channels of communication, such as employees' performance appraisals, to engage with the stakeholders. These engagements have enabled Ornapaper Group to validate sustainability matters identified by Management and incorporate stakeholder insights into its risk management and strategic planning processes.

The Board acknowledges that the stakeholder engagement processes engaged by the Risk and Sustainability Management Committee can be further enhanced by employing a preferred level of engagement per stakeholders' profile at the preferred frequency as determined by the Board. This ensures timely and reliable communication of key topics and concerns of respective stakeholder groups to the appropriate governance bodies of Ornapaper Group for effective response and alignment with Ornapaper Group's sustainability agenda. Ornapaper Group's stakeholder engagement process is guided by the Guide and Toolkit: Stakeholder Engagement issued by Bursa Securities, with necessary adaptation based on the nature and scale of the businesses of the Group.

Following the sustainability assessment performed, the Board has determined that, through stakeholder mapping and profiling exercise conducted by the Risk and Sustainability Management Committee and Heads of Department and reported to them subsequently, the following stakeholder groups have been identified as having significant influence on, and dependence upon, the Group:

STAKEHOLDER GROUP	ENGAGEMENT OBJECTIVE(S)	PREFERRED ENGAGEMENT METHOD(S)	FREQUENCY OF ENGAGEMENT
Employees	▪ To ensure fair engagement of salary ▪ To establish career pathways for the workforce at all levels ▪ To have a safe and healthy working environment ▪ To strike for work life balance	▪ Performance appraisal ▪ Employee's self-evaluation ▪ Memorandum ▪ Electronic mail system ▪ Meetings ▪ Employees' dialogue	▪ Annually ▪ Ongoing
Board of Directors	▪ To ensure business strategy takes into consideration of sustainable practices ▪ To convey accurate financial and non-financial information for decision making ▪ To comply with good corporate governance ▪ To ensure cyber security and continuous safety of organisation data and assets (including suppliers and customers)	▪ Committee meetings ▪ Board of Directors meeting	▪ Annually ▪ Quarterly

Sustainability Statement

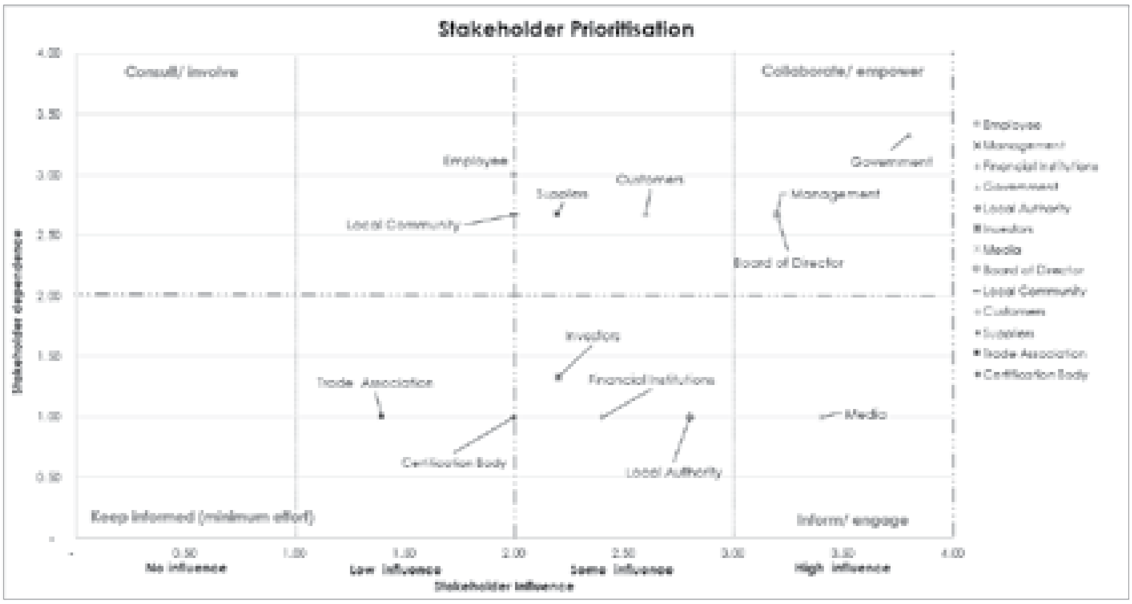
STAKEHOLDER GROUP	ENGAGEMENT OBJECTIVE(S)	PREFERRED ENGAGEMENT METHOD(S)	FREQUENCY OF ENGAGEMENT
Management	• To ensure the sustainability of human resources in pursuit of the company's goals	• Meetings • Memorandum • Electronic mail system	• Annually • Quarterly • Monthly • Ongoing
Financial Institutions	• To demonstrate financial sustainability • To understand and comply with laws	• Annual report • Public announcements • Meetings	• Annually • Ongoing
Government	• To ensure compliance with all relevant laws and regulations	• Official submission • Official letter • Public dialogue involving government officials • Public announcements • Telephone conversation • Face-to-face meetings • Electronic mail system • Periodical audit	• Ongoing
Local Authority	• To ensure compliance with relevant laws and regulations	• Official submission • Official letter • Public dialogue • Public announcements • Telephone conversation • Face-to-face meetings • Electronic mail system • Periodical audit	• Ongoing
Customers	• To improve customer’s satisfaction • To meet potential customer's requirements	• Face-to-face meetings • Electronic mail system • Telephone conversation • Customer audits • Letter of complaint • Official letter • SCAR	• Ongoing
Investors	• To demonstrate financial sustainability	• Annual report • Annual general meeting • Shareholders communication • Press releases and public announcements	• Annually • Quarterly • Ongoing
Certification Body	• To ensure compliance with ISO 9001: 2015 and 14001: 2015 standard	• Audit • Electronic mail system • Telephone conversation • Reports	• Ongoing

Sustainability Statement

STAKEHOLDER GROUP	ENGAGEMENT OBJECTIVE(S)	PREFERRED ENGAGEMENT METHOD(S)	FREQUENCY OF ENGAGEMENT
Suppliers	▪ To ensure all materials are RoHS compliance/ environmentally friendly ▪ To strive for reasonable price materials and services at an acceptable quality, consistent and on-time delivery ▪ To ensure safety and health during loading and unloading process and delivery journey ▪ To ensure product quality and safety as well as services ▪ To ensure no disruption in the supply of materials	▪ Supplier's evaluation and appraisal ▪ Meetings ▪ Conflict of Interest Policy ▪ Code of Conduct ▪ Electronic mail system ▪ Telephone conversation ▪ Official letter/ memorandum ▪ Supplier audit	▪ Ongoing
Local community	▪ To ensure pollution and social ills free community	▪ Corporate social responsibility programme ▪ Face-to-face meetings ▪ Press release ▪ Official letters ▪ Electronic mail system ▪ Telephone conversation	▪ Ongoing
Media	▪ To minimise negative reporting and protect the company image ▪ To ensure accuracy of information reported	▪ Press release ▪ Telephone conversation	▪ Ongoing
Trade Association	▪ To seek for protection of employer's interests and opportunities in business trade ▪ Sharing of industrial update	▪ Meetings ▪ Forums	▪ Ongoing

Subsequent to the stakeholder group’s identification with the respective engagement methods proposed, a stakeholders’ prioritisation exercise was conducted for the Group to rank respective stakeholder groups’ influence over and/or dependence on the Group based on influence over and dependence rating criteria and scale approved by the Board. The results of the stakeholders’ prioritisation exercise for the Group are tabulated in the following Stakeholder Prioritisation Matrix with the recommended level of engagement for respective quadrants.

Sustainability Statement



Sustainability Management Activity

During the financial year under review, Ornapaper Group undertook a series of structured activities aimed at identifying, managing, and reporting sustainability matters and performance. These activities reflect the Group's commitment to a systematic and data-driven approach in embedding sustainability throughout its operations:

- ***Stakeholder Mapping and Profiling:***

  The Risk and Sustainability Management Committee conducted a comprehensive identification of internal and external stakeholders relevant to the Group's manufacturing activities. This process involved mapping the stakeholders based on their degree of influence on, and dependence on, the Group. Individual stakeholder profiles were also developed to understand their specific interests, expectations, and level of engagement required.

- ***Stakeholder Prioritisation Exercise:***

  Internal and external stakeholders of manufacturing activities identified by the Risk and Sustainability Management Committee were assessed and prioritised for its degree of influence over and dependence on the Group based on the agreed upon criteria and rating scale ("stakeholder prioritisation exercise").

- ***Sustainability Matters Identification:***

  The Risk and Sustainability Management Committee performed identification of the relevant sustainability matters through internal sources and informal engagement with stakeholders. These engagements, facilitated by Heads of Department, involved direct communication with internal and external stakeholders.

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- ***Internal Materiality Assessment:***

  The Risk and Sustainability Management Committee performed the internal materiality assessment by using predetermined criteria and rating scales to prioritise the sustainability matters for assessment by internal and external stakeholders, and to determine the significance of the sustainability matters from the Group's perspective ("Internal Materiality Assessment").

- ***Assessment of Stakeholder Perception on Sustainability Matters:***

  The Risk and Sustainability Management Committee assessed the degree of significance of each sustainability matter in influencing the assessments and decisions of internal and external stakeholders through informal stakeholders' engagements, conducted via direct communication with relevant internal and external stakeholders by the respective Heads of Department.

- ***Material Sustainability Matters Determination:***

  The results of the stakeholder prioritisation exercise, internal materiality assessment, and the degree of significance of sustainable matters in influencing the assessment and decision-making of relevant internal and external stakeholders were utilised by the Risk and Sustainability Management Committee to prioritise sustainability matters and identify material sustainable matters. An identified sustainability matter is deemed material if it exceeds the material threshold established by the Board.

Material Sustainability Matters

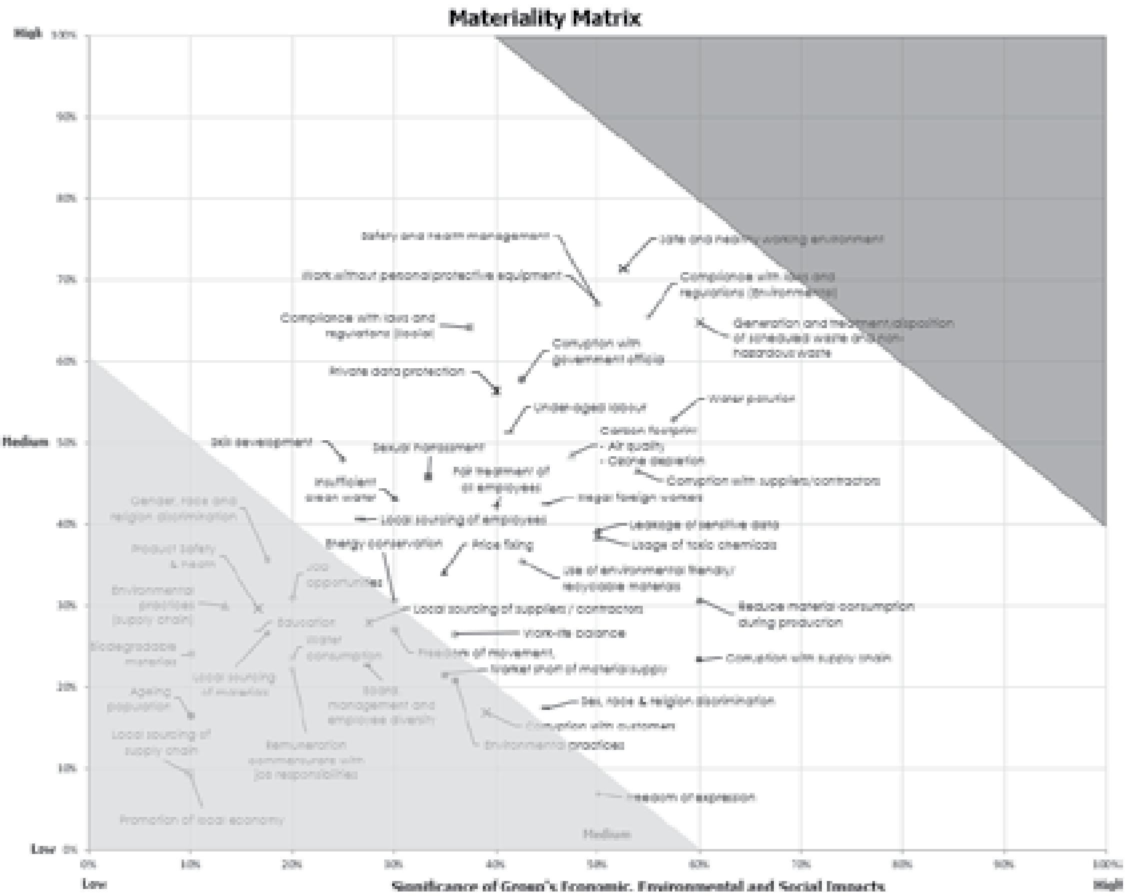
Ornapaper Group places strong emphasis on delivering long-term value to shareholders, upholding sound governance practices, maximising contributions to stakeholders, and minimising its environmental footprint. Material sustainability matters are identified through a structured and systematic materiality assessment process, focusing on Economic, Environmental, and Social ("EES") factors that are relevant and important to the Group's business continuity and long-term sustainability.

This process, approved by the Board and guided by the Guide and Toolkit: Materiality Assessment issued by Bursa Securities, has been adapted to reflect the Group's specific business nature, geographical footprint, and operational scale. The assessment considers four key principles of sustainability reporting, which are the sustainability context, materiality, completeness, and stakeholder inclusiveness, and is conducted through a continuous cycle of identification, prioritisation, validation, and review.

A list of material sustainability issues was identified and determined through the sustainability matters assessment and prioritisation exercises of the Group undertaken by the Risk and Sustainability Management Committee. These exercises reflect critical sustainability considerations pertinent to each entity's business and geographical context, highlighting the expectations and concerns of stakeholder groups. The sustainability matters are rated as "Material", "Low and Medium" or "Not Material", through the materiality matrix, based on their significance from both Management's perspective on the potential impact to the business, as well as significant stakeholders' perspectives on its influence over their assessments and decisions.

Sustainability Statement

Following the completion of the assessment process, the final list of sustainability matters, along with supporting details on their identification, assessment and prioritisation, is submitted to the Audit Committee for thorough review before being presented to the Board for final approval. This comprehensive review process ensures effective sustainability management and monitoring across the Group. The consolidated assessment results of material sustainability matters of the Group are tabulated in the following Materiality Matrix.



Based on the Materiality Matrix, several key material matters are identified and prioritised by the Management of the Group as well as the stakeholder groups, details as shown in the table below:

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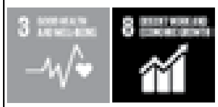
Sustainability Statement

Sustainability Matter	Definition	Aspect Boundary		Relevant SDG Goals	Corresponding Risk Register
		Internal Stakeholders	External Stakeholders		
Occupational Safety and Health (Social) • Safe and Healthy Working Environment • Safety and Health Management	Anticipation, recognition, evaluation and control of hazards arising in or from the workplace that could impair the health and well - being of workers and stakeholders	Management, Employees, Board of Directors	Government, Customers, Department Of Safety and Health, Certification Body		Compliance with Occupational Safety & Health Act
Compliance with Laws and Regulations (Environmental)	Compliance identifies the adherence of an organisation's activities to relevant laws and guidelines	Board of Directors, Investors, Management, Employees	Media, Financial Institutions, Government, Local Community, Suppliers, Customers, Certification Body, Supply Chain		Compliance with Environmental Quality Act
Generation and Treatment/ Disposition of Scheduled Waste and Non-Hazardous Waste (Waste and Effluent - Environmental)	Waste and effluent discharged from operations into public areas	Board of Directors, Investors, Management, Employee	Media, Suppliers, Local Community, Government, Certification Body, Customers		Compliance with Environmental Quality Act

Occupational Safety and Health (Social) - Safe and Healthy Working Environment and Management

Ensuring the safety and well-being of our employees and stakeholders remains a cornerstone of our sustainability efforts. We recognise the intrinsic value of a secure and healthy workplace, which extends beyond our workforce to encompass our broader stakeholder community, including customers, suppliers, contractors, and visitors. Our unwavering commitment lies in providing a productive, dynamic, and safe environment by minimising the risk of accidents, injuries, and exposure to health hazards, to the extent practicable.

In recognition of this commitment, the Group upholds strict compliance with all applicable safety and health laws and regulations, including but not limited to:

- Occupational Safety and Health Act 1994 (Act 514)
- Occupational Safety and Health (Safety and Health Committee) Regulations 1996
- Poisons Act 1952 (Act 366)
- Poisons (Sodium Hydroxide) Regulations 1962
- Fire Services Act 1988
- Occupational Safety and Health (Classification, Labelling and Safety Data Sheet of Hazardous Chemicals) Regulations 2013
- Occupational Safety and Health (Noise Exposure) Regulations 2019
- Factories and Machinery (Safety, Health and Welfare) Regulations 1970

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- PUA290 Fire Services (Fire Cert) (Amendment) Regulations 2020
- Occupational Safety and Health (Amendment) Act 2022 (Act A1648)
- Petroleum (Safety Measures) Act 1984 Act 302
- Electricity Supply Act 1990
- Electricity Regulations 1994

Each subsidiary within the Ornapaper Group has established its own Safety and Health Committee, comprising representatives from both Management and employees. These committees are responsible for overseeing the implementation of safety measures, ensuring compliance with regulatory requirements, conducting hazard identification and risk assessments, implementing control measures, and cultivating a strong safety culture.

The safety and health efforts across subsidiaries are guided by the Group Safety and Health Policy, which is approved by the Chief Executive Director. While implementation is decentralised, the Group maintains overarching oversight to ensure consistent safety principles, adherence to legal requirements, and sharing of best practices across all entities. Safety and health rules and regulations are established too by the Safety and Health Committee and approved by the Management to ensure all activities are conducted safely and effectively, with the goal of preventing workplace incidents and promoting the well-being of all employees and stakeholders.

Safety and health rules and procedures are developed by the Safety and Health Committees and endorsed by Management. These are designed to ensure that all operational activities are carried out safely and effectively, with the ultimate goal of incident prevention and the promotion of employee well-being. To reinforce a culture of safety, the Group promotes safe practices as part of daily operations. Safety and Health Committees regularly monitor compliance with established protocols, promote awareness, and facilitate a proactive approach to preventing industrial accidents. Ornapaper is committed to its vision of achieving a “Zero Accident” workforce while creating a “Good, Safe and Pleasant” environment for employees and stakeholders.

Safety and health audits are conducted by the respective Safety and Health Committees to identify any instances of non-compliance or potential hazards promptly. These include hazard identification, risk assessments, and control planning. Corrective actions are implemented swiftly to prevent recurrence. Furthermore, scheduled Safety and Health Committee meetings are held periodically in accordance with the statutory requirements. These scheduled meetings serve as a platform to have effective communication in promoting better and safer work practices, review accident or near-miss trends, investigate workplace incidents including occupational poisoning or disease, and propose preventive and corrective actions. This structured engagement helps maintain a hazard-free workplace.

All sites are equipped with trained Emergency Response Team prepared to respond swiftly to incidents such as fires, chemical spills, or medical emergencies. Emergency Response Team members receive specialised training in fire suppression, evacuation procedures, first aid, and crisis communication to ensure prompt and effective response when needed. Regular emergency drills and response simulations are conducted to ensure team readiness and foster wider awareness among employees.

In support of our emergency protocols, clear fire evacuation plans are established, briefed to employees, and displayed at strategic locations. Firefighting equipment such as fire extinguishers, sprinklers and hose reels are installed and inspected at regular intervals to ensure their functionalities are not compromised over time. Fire alarm systems are in place to alert building occupants, and fire certificates are renewed annually upon inspection by the Fire and Rescue Department of Malaysia.

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The Group organises safety and health awareness programmes to equip all relevant stakeholders with the competencies required to maintain workplace safety. To promote safety and health culture among the employees, regular safety and health-related trainings or workshops and on-the-job trainings covering areas such as noise exposure mitigation, chemical handling, CPR and first aid, fire evacuation procedures, and electrical safety are conducted and provided to all employees to keep them abreast with the current safety and health practices with necessary precautions to be taken in place to minimise accidents or incidents in the workplace.

	FYE 2024	FYE 2023	FYE 2022	TARGET
Safety & Health-Related Training Hours per Employee	21	13	16	N/A
No. of Employees Trained on Health & Safety Standards				
- **Headcount**	961	538	514	N/A
- **Proportion (%) against Total Employees**	100%	57%	54%	100%

Specific workplace safety procedures and instructions are in place for forklift operations and machine handling to guide employees in operating the forklift, production machines and equipment in a safe and sound manner. Procedures and visual guides for chemical spillage handling are established and placed at high-risk areas, supported by periodic awareness training. First aid boxes are available at designated prominent locations in the premises for easy access and prompt retrieval by employees in the event of the occurrence of any accidents. Inspection of first aid boxes is also performed regularly by the First Aid Team of the respective companies.

To further mitigate risks posed by vehicle movement within factory compounds, improvements include forklift zone markings and new safety signage were installed to guide drivers and pedestrians more effectively. Overgrown roadside vegetation was trimmed to improve landscape visibility and reduce the risk of traffic-related incidents involving delivery or factory vehicles. Besides, blinking safety lights are installed at the weighbridge stations to enhance nighttime visibility and driver safety.

Additional preventive measures including proper labelling and secure storage of flammable chemicals in dedicated areas, regular safety inspections of electrical systems as well as the prohibition of smoking at the workplace (except at the dedicated smoking areas) are implemented too to reduce the likelihood of fire hazards. The electrical safety programme is also arranged to be conducted on-site by a qualified external trainer to strengthen employees' awareness and response in relation to electrical safety at the workplace.

Safety notices/signboards and indicators are placed at strategic and hazard-prone locations as well as on production equipment to communicate key precautions to employees, customers, suppliers, contractors and other visitors. Floor markings and pedestrian safety walkways are implemented in warehouses and factory floors to separate foot traffic from moving machinery in order to reduce the risk of collisions. A "Forklift Area – No Pedestrian" signage is clearly displayed at the outgoing warehouse to protect against forklift-related hazards.

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As noise is inevitable in some of the Company's production processes, we have implemented measures to mitigate the impact on our employees. In particular, our corrugating section has been identified as the process that generates the highest noise levels. Noise levels are subject to periodic assessments by an Environmental Consultant approved by the Department of Occupational Safety and Health ("DOSH"). To better control noise levels, we deployed engineering controls as far as reasonably practicable, such as machineries constructed with noise reducing specifications. Employee noise exposure is also mitigated by using personal protective equipment, such as earplugs, especially in sections with higher noise exposure. Audiometry tests are carried out periodically for exposed machine operators too to monitor employees' risk of detrimental exposure to noise.

The Group also ensures the provision of essential PPE such as face masks, gloves, safety shoes, safety goggles, safety helmets and safety elastic belts to employees too to protect them from workplace hazards that can cause injury or illness. Moreover, all machinery used within the Companies are subject to periodic maintenance and inspection to ensure optimal functionality and early detection of defects, reducing the risk of mechanical failures or workplace injuries. For applicable machinery and equipment, the required Certificates of Fitness are duly obtained from the relevant regulatory authorities, ensuring that our operations comply with legal safety standards and are certified fit for use.

Relevant employees and other stakeholders with authorised access to our production facilities are provided with the required personal protective equipment per the Company's safety and health rules and regulations established. Besides, all visitors who have appointments with the Company's personnel are required to report to the security personnel for security clearance and visitor registration before they are permitted access to the Company's premises. Access to the manufacturing and storage area is also restricted to authorised personnel only with the required personal protective gear to be equipped.

Strategic locations at our factories are also monitored through a closed-circuit television system while security guards are employed and deployed at important safety control points in the factories to ensure the general safety of our employees and other stakeholders within our premises at all times. To further enhance workplace hygiene and security, infrastructure upgrades have been carried out, including the construction of new restrooms and repairs to factory fencing at certain subsidiaries, which reinforcing our commitment to employee dignity and safety.

Occupational safety and health performance are regularly monitored and reported in monthly progress reports, identifying any emerging or recurring health and safety issues that may occur in the workplace and the measures undertaken to address these issues proactively. These are also discussed and reviewed by the Management annually during the Management Review Meeting. The Group strives to work towards a zero-injury (both minor and major) workforce. The figures below illustrate the incident records of the Companies over the course of 3 years from the financial years ended 2022 to 2024.

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ENTITY	No. of Incidents					
	FYE 2024		FYE 2023		FYE 2022	
	Major	Minor	Major	Minor	Major	Minor
Ornapaper Melaka	3	5	2	2	4	3
Ornapaper Batu Pahat	3	2	1	1	5	1
Ornapaper Perak	0	2	0	0	3	0
Ornapaper Johor	0	0	0	0	0	0
Tripack	0	0	1	0	0	0
Quantum	1	3	1	0	0	0

Classification of Major and Minor Injury:	
Major injury	Employees who injured cause incapacity for more than 4 calendar days
Minor injury	Employees who injured cause incapacity for less than 3 calendar days

	FYE 2024	FYE 2023	FYE 2022	TARGET
No. of Work-Related Fatalities (cases)	0	0	0	Zero fatality annually
Lost Time Incident Rate ("LTIR")	7.30	4.03	6.12	N/A

The Management has been proactively discussing and implementing counter measures to reduce the incident rate to the extent possible in attaining the target of zero-injury set, including enhancing the workplace safety procedures and instructions in operating forklifts, machines and equipment with trainings provided to relevant employees, providing more comprehensive and targeted safety and health related trainings and awareness programmes to the employees apart from the on-the-job trainings provided. Besides, the Management is planning for investment in upgrading and fine-tuning some machines in production lines in order to minimise hazards and the risk of injury.

While striving for a zero-injury workforce, we remain proactive in implementing measures to reduce incident rates. Investments in upgrading machinery and enhancing safety procedures underscore our commitment to continuous improvement. Despite challenges, we have maintained a strong record of compliance, with no major legal actions taken against the Group nor any fine or monetary sanction imposed related to occupational safety and health aspects during the financial year under review. There were no fatalities arising from occupational health and safety incidents.

Sustainability Statement

Overall, our steadfast dedication to occupational safety and health, supported by decentralised execution across subsidiaries and Group-wide coordination, reflects our commitment to protecting lives and enhancing well-being. Through continuous improvement, regulatory compliance, and proactive risk management, we strive to foster a resilient, safe, and healthy work environment that empowers our people and supports sustainable business success.

Environment - Compliance with Environmental Laws and Regulations, Generation and Treatment/ Disposition of Scheduled Waste and Non-Hazardous Waste (Waste and Effluent)

Ornapaper Group recognises its role as a responsible corporate citizen, committed to safeguarding the environment, preserving natural resources, and creating long-term value for all stakeholders. Guided by a strong environmental ethos, we are determined to manage our operations in an environmentally responsible manner, ensuring regulatory compliance while continuously improving our environmental performance across the Group.

The Group's Environmental Policy, approved by the Chief Executive Director, is central to our sustainability strategy. It outlines our commitment to fulfilling our environmental responsibilities for the benefit of current and future generations. The policy, which is publicly available on our corporate website and distributed to stakeholders upon request, is also prominently displayed throughout company premises, including departments, guardhouses, meeting rooms, canteens and reception areas, to reinforce awareness and accountability among employees and stakeholders.

The Environmental Policy outlines the Group's commitment to:

- Fulfill the responsibility as a trustee of the environment for this and future generations.
- Adopt pollution prevention practices and control technologies, where feasible, to minimise pollution.
- Ensuring compliance with all regulatory obligations.
- Set and review appropriate environmental objectives and targets.
- Strive to minimise releases to air, water and land.
- Implement corrective actions for any adverse environmental impacts arising from past practices.
- Provide environmental awareness training to management and employees.
- Strive for continual improvement of our environmental management system.
- Advertise and announce the environmental policy to our customers and the general public.
- Prevent pollution through waste reduction, reuse, and recycling initiatives.
- Establish and maintain an environmental quality assurance system based on Sony Technical Standards SS-00259 to control environment-related substances.

To support the effective implementation of this policy, qualified personnel are designated and trained as competent persons for scheduled waste management and industrial effluent treatment operations. The Group adheres strictly to all pertinent environmental laws and regulatory requirements, i.e. Environmental Quality Act 1974 and its associated regulations, including but not limited to:

- ➢ Environmental Quality (Scheduled Wastes) Regulations 2005
- ➢ Environmental Quality (Control of Petrol and Diesel Properties) Regulations 2007
- ➢ Environmental Quality (Sewage) Regulations 2009
- ➢ Environmental Quality (Industrial Effluent) Regulations 2009
- ➢ Environmental Quality (Clean Air) Regulations 2014

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- Poison Act 1952 (Act 366)
- Poison (Sodium Hydroxide) Regulations 1962
- Occupational Safety and Health (Noise Exposure) Regulations 2019
- Environmental Quality (Refrigerant Management) Regulations 2020
- Guidelines for Packaging, Labelling and Storage of Scheduled Wastes in Malaysia
- Environmental Quality (Control of Emission from Petrol Engines) Regulations 1996
- Environmental Quality (Control of Emission from Diesel Engines) Regulations 1996
- Electricity Supply Act 1990
- Electricity Regulations 1994

As part of our broader environmental management system, the Group has achieved ISO 14001:2015 certification, underscoring our commitment to international standards in environmental performance, regulatory compliance, and continuous improvement. This certification reflects our structured approach to identifying, managing, and mitigating environmental risks throughout our operations. Our compliance efforts are further validated through periodic inspections and assessments conducted by the Department of Environment ("DOE") Malaysia.

Additionally, the Group has obtained Forest Stewardship Council ("FSC") Chain of Custody ("COC") certification, which affirms our commitment to responsible sourcing and alignment with globally recognised principles of sustainable forestry. This certification is awarded following strict compliance with FSC principles and criteria, ensuring that our products are sourced from responsibly managed forests that deliver environmental, social, and economic benefits.

To support this commitment, we have established an FSC COC Policy, publicly available on the corporate website of Ornapaper, which guides our employees, suppliers, and stakeholders in advancing sustainability practices grounded in the principles of People, Planet, and Prosperity ("3Ps"). The Group also monitors and ensures that relevant suppliers and contractors involved in the production or manufacture of FSC-certified products strictly adhere to FSC-compliant sourcing and production standards.

The Ornapaper Group remains steadfast in its commitment to responsible environmental stewardship, with particular emphasis on the proper handling, treatment, and disposal of both scheduled and non-hazardous waste across our operations. Our waste management practices are underpinned by strict adherence to the Environmental Quality (Scheduled Wastes) Regulations 2005, as well as all relevant guidelines issued by DOE.

Scheduled wastes generated from our manufacturing activities are systematically segregated, properly packaged, clearly labelled, and securely stored in designated scheduled waste storage areas within our premises. The generation and movement of scheduled waste are tracked through the Electronic Scheduled Waste Information System ("eSWIS"), ensuring traceability, accountability, and full regulatory compliance. Disposal is strictly managed through licensed contractors approved by the DOE, further ensuring environmentally sound waste treatment.

For non-scheduled waste comprising general industrial and domestic waste, the Group partners with the selected authorised waste collectors to facilitate recycling or appropriate disposal at approved landfill sites. Additionally, grease traps are installed at strategic discharge points to capture and prevent oils and contaminants from entering the drainage systems, thus safeguarding local water quality.

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To further reduce environmental impact, the Group has implemented stack emission monitoring systems across facilities, enabling real-time assessment and control of emissions from chimneys and stacks. Despite the relatively low air emissions generated by our manufacturing processes, Ornapaper remains in full compliance with the Environmental Quality (Clean Air) Regulations 2014. We also incorporate engineering controls into our machinery and operations to further minimise emissions, reduce waste generation, and optimise resource use.

Our commitment to environmental preservation extends beyond regulatory compliance through the implementation of proactive sustainability initiatives aimed at reducing our ecological footprint and enhancing community well-being. Notable initiatives undertaken during the year included:

- Cleaning of clogged drains in the vicinity of our facilities to prevent flooding and improve hygiene, showcasing our concern for community welfare.
- Continued investment in on-site solar energy infrastructure, where solar panels installed on factory rooftops to generate clean and renewable energy, offsetting electricity consumption and reducing carbon emissions.
- Integration of digital printing technology in production to enhance efficiency while reducing material waste, aligning with our commitment to sustainable resource management.

We also embrace a “Reduce, Reuse, Recycle” (“3Rs”) philosophy to reduce waste and conserve resources across all operations. Some of the specific 3R initiatives implemented include:

- Reusing and recycling A4 paper to help conserve trees and reduce greenhouse gas emissions.
- Recycling and reusing printer toner cartridges by sending the empty cartridges to the supplier for refilling.
- Recycling of trim waste, paper cores, stripping bands, metal scraps and rejected cartons to conserve energy and natural resources and ultimately reduce pollution.
- Reuse of cleaning water in glue starch generation to reduce water consumption.
- Reuse of hydraulic lubricants extracted during maintenance of corrugating rolls.
- Returning reusable plastic containers to suppliers for multiple-use cycles.
- Repairing and reusing old wooden pallets.
- Promoting energy and water conservation through behavioural change campaigns, including prominently displayed signage reminding employees to switch off unused lights, air-conditioners, computers, and water taps.

We continuously monitor our energy and water usage to identify areas for efficiency improvements. Our total energy and water consumption across the Group for the financial years ended 31 December 2024 and 2023 are detailed in the following tables:

ORNAPAPER GROUP – ANNUAL ENERGY CONSUMPTION		
Energy Source *(in GJ)* *	**FYE 2024**	**FYE 2023**
Diesel	8,307	7,624
Petrol	4,839	3,263
LPG	564	512
Natural Gas	24,753	17,900**
Lubricant	109	169
Purchased Electricity	24,489	20,792
Solar Energy (Self-Generated)	2,941	3,032
Biomass (Self-Generated)	85,126	*-NiL-****
Total Energy Consumed	**151,128**	**53,292**

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ORNAPAPER GROUP – ANNUAL ENERGY CONSUMPTION				
Energy Source *(in MWh)* *	**FYE 2024**		**FYE 2023**	
Diesel	2,308		2,118	
Petrol	1,344		906	
LPG	157		142	
Natural Gas	6,876		4,972**	
Lubricant	30		47	
Purchased Electricity	6,803		5,776	
Solar Energy (Self-Generated)	817		842	
Biomass (Self-Generated)	23,646		*-NiL-****	
Total Energy Consumed	**41,981**		**14,803**	
Breakdown by Type of Energy:	**FYE 2024**		**FYE 2023**	
Renewable Energy	88,066 GJ	58%	3,032 GJ	6%
Non-Renewable Energy	63,061 GJ	42%	50,260 GJ	94%

** Energy data conversion is based on UK Government GHG Conversion Factors for Company Reporting 2023.*
***Natural gas consumption for FYE 2023 was previously omitted and has been restated accordingly in FYE 2024.*
****Biomass energy data for FYE 2023 is unavailable as Management did not maintain such records during that period.*

ORNAPAPER GROUP – ANNUAL WATER CONSUMPTION				
Description	**FYE 2024**	**FYE 2023**	**FYE 2022**	**TARGET**
Total Water Consumption (Megalitre)	56.86	53.85	88.61	N/A
Total Water Consumed/ Production Output (m^3/MT)	0.53	0.57	0.88	0.70

In line with our proactive environmental management approach, Ornapaper Melaka, Ornapaper Batu Pahat, Ornapaper Perak, Ornapaper Johor, and Tripack have each established tailored environmental objectives and targets focused on mitigating emissions, conserving water and energy, and reducing waste generation. These targets reflect the Group's ongoing commitment to minimising our environmental footprint and enhancing operational sustainability. Performance against these objectives is systematically monitored and reviewed at regular intervals. Where necessary, corrective actions are implemented to ensure continuous alignment with our sustainability goals and regulatory obligations. The environmental objectives, targets, and corresponding performance outcomes are detailed in the table below.

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ORNAPAPER MELAKA	
Environmental Objective(s)	**Environmental Target(s)**
1. To control water consumption	To ensure the water consumption not exceeding an average of 0.7 m³/MT for the next twelve months.
2. To control electricity consumption	To ensure the electricity consumption not exceeding an average of 50 kwh/MT with a tolerance level of 10% for the next twelve months.
3. To reduce disposal of plant waste	To ensure disposal of plant waste not exceeding 11%/month.
4. To control gas consumption	To ensure the gas consumption not exceeding an average of 1.10 GJ/MT for the next twelve months.
5. To reduce generation of glue sludge	To reduce the generation of glue sludge to 25MT/year.
6. To reduce generation of ink sludge	To reduce the generation of ink sludge to an average of 10MT/month.

➢ ***Water and Electricity Consumption (For Ornapaper Melaka):***

	FYE 2024	FYE 2023	FYE 2022	TARGET
Average Water Consumed/MT (m³/MT)	0.33	0.36	0.5	0.7
Average Electricity Consumed/MT (kwh/MT)	56	52	52	50 *(with 10% tolerance)*

For FYE 2024, Ornapaper Melaka recorded an average electricity consumption of 56 kWh/MT, exceeding the set target of 50 kWh/MT (with a 10% tolerance). The deviation was primarily attributed to the installation of new converting machinery and the commencement of additional processing activities for corrugated boards and cartons during the year. These developments, while temporarily increasing electricity consumption, are aligned with the Group's long-term growth strategy to enhance production capacity and operational efficiency. Management remains committed to improving energy efficiency and will continue to closely monitor electricity consumption trends. Energy efficiency measures and process optimisation initiatives will be implemented to improve performance and ensure continued alignment with the Group's environmental objectives.

➢ ***Gas Consumption (For Ornapaper Melaka):***

	FYE 2024	FYE 2023	FYE 2022	TARGET
Average Gas Consumed/MT (GJ/MT)	0.87	0.87	1.03	1.10

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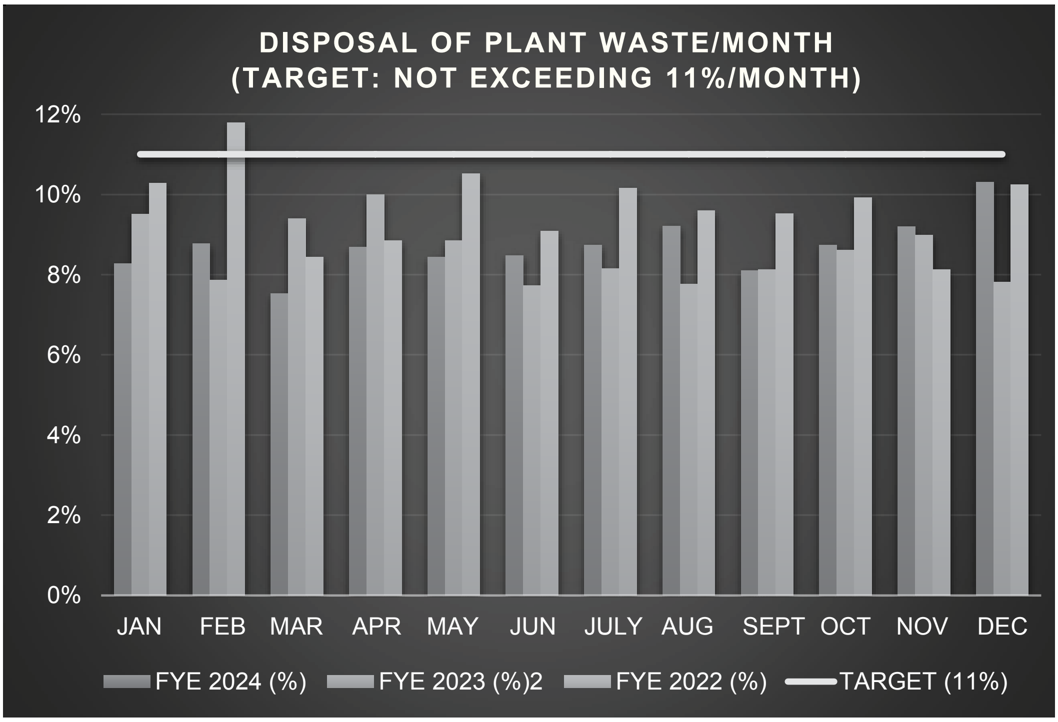
➢ ***Generation of Glue Sludge and Ink Sludge (For Ornapaper Melaka):***

	FYE 2024	FYE 2023	FYE 2022	TARGET
Average Glue Sludge Generated/Year (MT/year)	12.83	14.11	10.72	25
Average Ink Sludge Generated/Month (MT/month)	3.89	2.14	3.58	10

➢ ***Disposal of Plant Waste (For Ornapaper Melaka):***



ORNAPAPER BATU PAHAT	
Environmental Objective(s)	**Environmental Target(s)**
1. To control water consumption	To control the average consumption of water not exceeding 1.0 m³/MT for the next twelve months.
2. To control electricity consumption	To control the average consumption of electricity not exceeding 83 kwh/MT with a tolerance level of 10% for the next twelve months.
3. To control disposal of scheduled wastes	To control the generation of scheduled wastes below 0.30% for the next twelve months.

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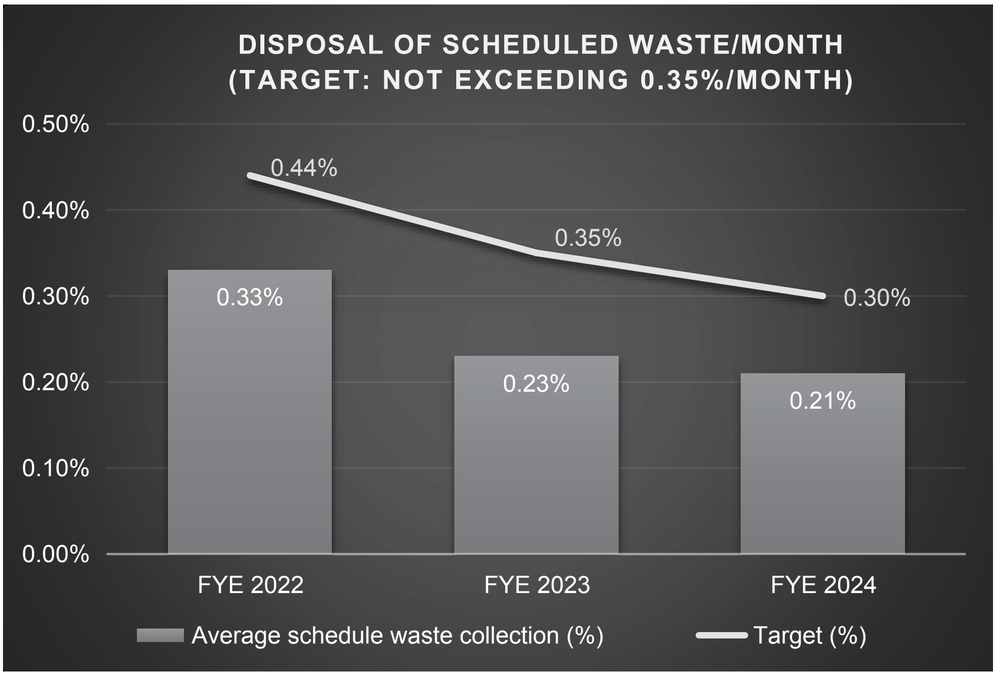
➢ ***Water and Electricity Consumption (For Ornapaper Batu Pahat):***

	FYE 2024	FYE 2023	FYE 2022	TARGET
Average Water Consumed/MT (m^3/MT)	0.85	0.79	1.04	1.0
Average Electricity Consumed/MT (kwh/MT)	89.77	90.15	86.80	83 *(with 10% tolerance)*

➢ ***Disposal of Scheduled Wastes (For Ornapaper Batu Pahat):***



ORNAPAPER PERAK	
Environmental Objective(s)	**Environmental Target(s)**
1. To control energy consumption	To ensure the energy consumption not exceeding an average of 70.32 kwh/MT for the next twelve months.
2. To control water consumption	To ensure the water consumption not exceeding an average of 0.90 m^3/MT for the next twelve months.
3. To reduce disposal of plant waste	To ensure disposal of plant waste not exceeding 9.5%/month.
4. To control generation of ink sludge	To control the generation of ink sludge collection to an average of 2,000 kg/month.

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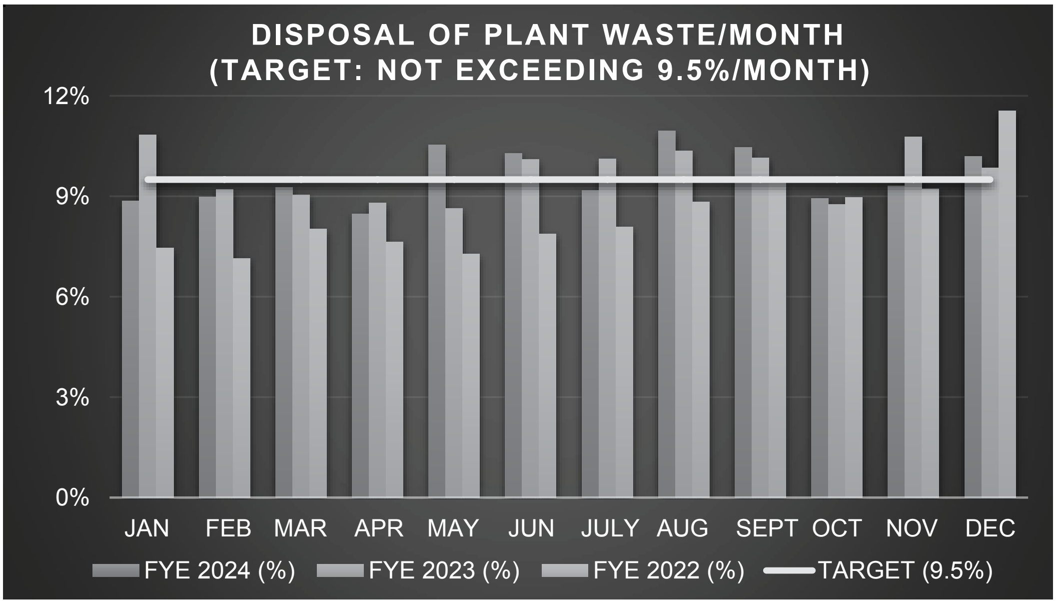
- ***Energy and Water Consumption (For Ornapaper Perak):***

	FYE 2024	FYE 2023	FYE 2022	TARGET
Average Energy Consumed/MT (kwh/MT)	53.09	51.49	50.36	70.32
Average Water Consumed/MT (m^3/MT)	0.40	0.37	0.41	0.90

- ***Generation of Ink Sludge (For Ornapaper Perak):***

	FYE 2024	FYE 2023	FYE 2022	TARGET
Average Ink Sludge Generated/Month (kg/month)	1,506	1,280	1,693	2,000

- ***Disposal of Plant Waste (For Ornapaper Perak):***



For several months in FYE 2024, Ornapaper Perak recorded plant waste disposal levels that exceeded the target of 9.5% per month. This deviation was primarily attributed to unanticipated failures in certain components of the corrugator machines, which led to inefficiencies and higher plant waste generation. While replacement of the affected parts is currently in progress, with some components already addressed, Management continues to adopt a proactive approach to maintenance and waste reduction. Continuous monitoring has been implemented to track plant waste trends, and corrective measures, including timely maintenance and replacement of defective parts, will be consistently enforced. These efforts aim to minimise plant waste and ensure disposal rates remain within the targeted monthly threshold moving forward.

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ORNAPAPER JOHOR	
Environmental Objective(s)	**Environmental Target(s)**
1. To control water consumption	To ensure the water consumption not exceeding an average of 0.0004 m³/pcs for the next twelve months.
2. To control electricity consumption	To ensure the electricity consumption not exceeding an average of 0.05 kwh/pcs for the next twelve months.
3. To reduce disposal of ink sludge	To reduce the disposal of ink sludge to not exceeding an average of 10.5 MT for every 6 months.

➢ ***Water and Electricity Consumption (For Ornapaper Johor):***

	FYE 2024	FYE 2023	TARGET
Average Water Consumed/pcs (m³/pcs)	0.0002	0.0003	0.0004
Average Electricity Consumed/pcs (kwh/pcs)	0.03	0.04	0.05

➢ ***Disposal of Ink Sludge (For Ornapaper Johor):***

	FYE 2024	FYE 2023	TARGET
Average Ink Sludge Disposed/6-Month Period (MT/6-month period)	12.62	10.27	10.5

For FYE 2024, Ornapaper Johor did not meet the target of limiting ink sludge disposal to an average of 10.5 MT over each six-month period. The variance was primarily driven by increased machine operational intensity, which correlates directly with higher ink sludge generation. In anticipation of the new machine installation scheduled in May, the production team strategically advanced production timelines to maintain consistent order fulfilment and minimise disruption to customer deliveries. This early scheduling led to intensified machine usage during the reporting period, resulting in temporary increase in the volume of ink sludge generated and disposed. Despite this short-term variance, the Group remains committed to waste minimisation as part of its broader sustainability goals. Management will continue to temporary increase in the volume of ink sludge generated and disposed of.

TRIPACK	
Environmental Objective(s)	**Environmental Target(s)**
1. To control water consumption	To ensure the water consumption not exceeding an average of 0.30 m³/MT for the next twelve months.
2. To control energy consumption	To ensure the energy consumption not exceeding an average of 45 kwh/MT for the next twelve months.
3. To reduce disposal of paper waste	To ensure disposal of paper waste not exceeding 5%/month.

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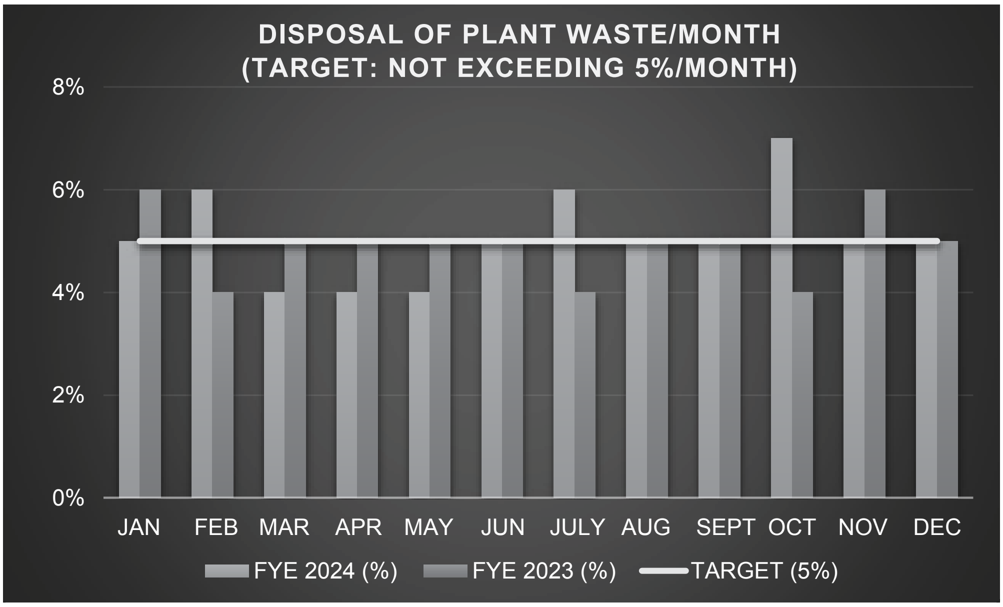
➢ ***Water and Energy Consumption (For Tripack):***

	FYE 2024	FYE 2023	TARGET
Average Water Consumed/MT (m³/MT)	0.37	0.30	0.30
Average Energy Consumed/MT (kwh/MT)	53.92	54.38	45

➢ ***Disposal of Paper Waste (For Tripack):***



To cultivate an environmentally conscious mindset among employees and ensure compliance with the Environmental Quality Act and its associated regulations, the Group conducts ongoing environmental awareness and preservation trainings. These include Environmental Management System ("EMS") trainings, which aim to reinforce employees' understanding of key environmental issues and instil the expected conduct in support of the Group's environmental objectives.

TRAINING / YEAR	ENTITY	YEAR 2024	YEAR 2023	YEAR 2022
NO. OF ENVIRONMENTAL MANAGEMENT SYSTEM ("EMS") RELATED TRAINING	**ORNAPAPER MELAKA**	169	163	169
	ORNAPAPER BATU PAHAT	147	176	117
	ORNAPAPER PERAK	97	84	113
	ORNAPAPER JOHOR	19	19	0
	TRIPACK	10	11	10
	QUANTUM	54	34	27

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During the financial year under review, there were no legal actions, fines, or monetary sanctions imposed on the Group in relation to environmental matters. This reflects the Group's proactive approach in addressing environmental risks, whereby prompt actions and preventive measures were consistently implemented to ensure compliance with applicable environmental regulations across all operations.

Anti-Bribery and Corruption

The Group places integrity at the forefront of its values and is dedicated to combatting bribery and corruption across all levels of its operations and value chain. Recognising the importance of responsible and transparent business conduct, the Group is committed to upholding professionalism, accountability, and ethical standards in all dealings with business associates, including but not limited to customers, suppliers, agents, and consultants. In line with the enforcement of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 effective 1 June 2020, the Group continuously implements initiatives to ensure that adequate procedures are in place, in accordance with the TRUST principles set out in the Guidelines on Adequate Procedures issued by the Prime Minister's Department.

To demonstrate an adequate level of top-level commitment, the Group's Anti-Bribery and Corruption Framework has been established, reflecting its zero-tolerance stance towards any form of bribery or corruption. Oversight of this Framework lies with the Group's senior management and is monitored by the Audit Committee to ensure effectiveness, independence, and continuous improvement of anti-corruption practices and internal controls. This Framework, published on Ornapaper's corporate website, ensures compliance with applicable laws and regulations and guides all officers, employees, and business associates to act with integrity and transparency.

All business dealings must be conducted in a transparent manner and be accurately recorded, with adequate monitoring and enforcement mechanisms in place. Employees and officers who refuse to engage in corrupt acts or bribe-related conduct are protected, even if such refusal leads to the loss of business opportunities. This firm stance underscores the Group's commitment to ethical conduct over commercial gain.

The Group's anti-bribery and corruption risk management approach is comprehensive and applies to both external parties (such as suppliers, agents, or third-party service providers) and internal stakeholders, including employees at all levels. Risks of corruption are not limited to third-party engagements but also encompass potential misconduct from within the organisation. As such, the Group undertakes regular corruption-related risk assessments that cover the entirety of its operations. These assessments are supported by appropriate control measures, which include enhanced internal processes, active monitoring, and swift corrective actions when required.

The Group also strengthens its governance practices through the issuance of Anti-Bribery and Corruption Commitment Forms to employees, suppliers, and customers. These forms ensure their understanding, acceptance, and formal acknowledgement of the Group's anti-bribery stance. All completed forms are required to be signed and returned to the Group as evidence of commitment. Additionally, employees are required to complete a declaration of conflict-of-interest as part of the adequate procedures, which helps the Group identify and manage potential areas of concern in a transparent and timely manner. This helps to further support the Group's objective to maintain impartiality and transparency in decision-making and daily operations.

The Group's core principles on anti-bribery and corruption are further embedded in its Code of Conduct, as approved by the Board. Additionally, relevant provisions on misconduct and conflict of interest are addressed in the Group's human resources policies and procedures and Employee Handbook. These documents provide clear guidance on acceptable conduct, misconduct, and conflict of interest, and serve to uphold good business practices and high standards of personal integrity among employees and business partners.

Sustainability Statement

To promote ethical behaviour across the organisation, the Group consistently conducts awareness programs and training sessions for both new and existing employees. These sessions reinforce anti-bribery and anti-corruption measures while cultivating a strong culture of integrity, transparency, and accountability. For FYE 2024, the Group achieved full training coverage across all employee levels, with 100% of staff receiving training on anti-corruption.

	YEAR 2024	YEAR 2023	YEAR 2022	TARGET
% Employees Received Training on Anti-Corruption	100%	80%	31%	90%
Employee Category (By Level)				
- Managerial and Above	100%	77%	52%	
- Executive and Below	100%	80%	30%	
Employee Category (By Function)				
- Administrative	100%	80%	30%	
- Production	100%	80%	32%	

To further support its governance structure, the Group has also established a Whistleblowing Policy, which is approved by the Board and administered by the Audit Committee. The Whistleblowing Policy provides a confidential reporting channel for whistle-blowers, including anonymous disclosures, to report any suspected unethical or unlawful conduct. Reports can be made anonymously and are treated with the highest level of confidentiality. All disclosures are independently reviewed, and whistle-blowers are protected from retaliation, victimisation, or discrimination in accordance with the Group's policy and relevant laws, unless prohibited by law. This reinforces the Group's commitment to impartiality and fairness in all business dealings.

The Whistleblowing Policy is publicly accessible on Ornapaper's corporate website, demonstrating the Group's commitment to transparency and corporate accountability. For FYE 2024, there were zero whistle-blowing reports filed through both the whistleblowing channel and the incident reporting channel under the anti-bribery and corruption management function.

	YEAR 2024	YEAR 2023	YEAR 2022	TARGET
Percentage of Operations Assessed for Corruption-Related Risk (%)	100%	100%	100%	100%
No. of Confirmed Corruption Incidents	0	0	0	Zero tolerance

Through these comprehensive measures, the Group remains committed to promoting ethical conduct and ensuring that all business operations are carried out in compliance with the highest standards of integrity and transparency.

Sustainability Statement

Supply Chain Management

The Group upholds responsible and ethical practices across its supply chain as a cornerstone of our social sustainability strategy. At the heart of this approach lies a deliberate and strategic sourcing policy, where the majority of our primary raw materials are procured from local suppliers. This commitment reflects our dual focus on ensuring quality and reliability, while simultaneously generating positive socio-economic impacts within the communities where we operate.

By sourcing locally wherever reasonably practicable, the Group supports the growth and resilience of the local economy. Increased spending with local suppliers helps drive revenue retention within the region, stimulates business activity, generates employment opportunities, and contributes to the overall development of local communities. These efforts align with our overarching commitment to shared prosperity, inclusive economic participation, and sustainable development.

In addition to economic contributions, our procurement practices are designed to cultivate long-term partnerships based on trust, transparency, and mutual growth. Building close relationships with local suppliers facilitates more agile, responsive, and sustainable supply chain operations. It also enables us to work collaboratively with our supply partners in addressing shared challenges, improving standards, and promoting responsible business conduct throughout the value chain.

To strengthen operational continuity and supply chain resilience, the Group regularly reviews its procurement risks and supplier base. This includes the adoption of risk mitigation strategies such as supplier diversification, contingency sourcing, and active engagement with key vendors to reduce the impact of potential disruptions or material shortages. Business continuity planning is also in place to safeguard operations and ensure the steady flow of materials needed for production.

This local sourcing strategy not only enhances the sustainability and resilience of our supply chain, but also reinforces our commitment to broader Environmental, Social, and Governance principles. By embedding responsible sourcing into our operational practices, the Group aims to create lasting value for stakeholders, support local livelihoods, and ensure the long-term viability of our procurement and production activities.

	YEAR 2024	YEAR 2023	YEAR 2022
Proportion of Spending on Local Suppliers	86%	89%	82%

The Group remains committed to enhancing responsible sourcing practices and will continue engaging with local suppliers to promote sustainable procurement and community development.

Data Privacy and Security

The Group’s commitment to data privacy and security is an essential part of our broader dedication to professional ethics, integrity, and responsible business practices. We are deeply conscious of our duty to safeguard the personal and confidential information entrusted to us by our stakeholders, including employees, customers, and suppliers.

Sustainability Statement

To uphold this responsibility, the Group ensures full compliance with the Personal Data Protection Act 2010 ("PDPA") and has implemented robust internal controls, protocols, and security measures across our operations. These include access controls, secure data storage systems, and data handling procedures designed to prevent unauthorised access, misuse, or disclosure of sensitive information.

We prioritise the principles of transparency, confidentiality, and accountability in all matters related to personal data processing. All personnel handling personal data receive guidance and oversight to ensure they act in accordance with data protection standards and corporate policies.

We are pleased to report that no substantiated complaints were received regarding breaches of customer privacy or data loss incidents during the financial year under review, reflecting the effectiveness of our controls and our continued emphasis on high standards of data protection.

The Group remains committed to enhancing its data governance capabilities by continually reviewing and updating data security measures in line with evolving threats, technological developments, and regulatory expectations. We also aim to raise further awareness among employees through periodic training and to promote a culture of vigilance and accountability in data handling.

	YEAR 2024	YEAR 2023	YEAR 2022	TARGET
No. of Substantiated Complaints Concerning Breaches of Customer Privacy & Losses of Customer Data	0	0	0	Zero complaints

Social

Ornapaper Group recognises the importance of upholding social values across its entire value chain as a cornerstone of responsible and sustainable business practices. The Group believes that long-term success is not only measured by financial performance, but also by the ability to foster positive relationships with all stakeholders, including employees, customers, suppliers, and the communities in which it operates. To this end, the Group is committed to building and maintaining trust-based relationships that are rooted in ethical conduct, transparency, accountability, and mutual respect. By embedding these values into its operations, Ornapaper aims to create a socially responsible business environment that contributes to the broader well-being of society while driving sustainable growth.

Central to the Group's long-term success and sustainability is its workforce, acknowledged as a pivotal asset and key driver of business success. Fostering human capital development and maintaining a resilient workforce are imperative for supporting ongoing business expansion and growth. Ornapaper is dedicated to ensuring fair and equitable treatment of all employees while providing a safe, healthy, and conducive working environment. The Group actively invests in employee development to enhance skills, knowledge, and capabilities, empowering individuals to contribute meaningfully to the business while advancing their personal career aspirations.

To attract and retain top talent, the Board remains committed to offering fair and competitive remuneration and benefits that are commensurate with each employee's duties and responsibilities, alongside ongoing training and development as well as career advancement opportunities. Employees are encouraged to pursue training and development across a wide range of disciplines, including technical, functional, on-the-job, and interpersonal skills, that are relevant to their current or future roles. These initiatives support continuous learning and position employees for advancement within the organisation.

Sustainability Statement

A performance-based culture is a cornerstone of the Group's human resource strategy. Employees are given the opportunity to demonstrate their capabilities and be recognised for their contributions, with remuneration and advancement tied to competencies and performance. The Group understands that fair compensation is critical to motivating and engaging the workforce to achieve its strategic objectives.

The Group is committed to fostering a positive and inclusive workplace environment where open communication and employee engagement are actively encouraged. Annual performance appraisals serve as a key platform for meaningful two-way communication between employees and management. Beyond determining performance-based remuneration, these appraisals provide opportunities for constructive feedback, recognition of achievements, future planning, and alignment of expectations, all of which support continuous improvement and long-term employee development.

In reinforcing a culture of transparency and accountability, the Group maintains established channels for whistleblowing and Anti-Bribery and Corruption Management reporting. Employees are encouraged to report any unethical conduct or grievances through these channels without fear of retaliation. The Group is committed to ensuring the confidentiality and protection of whistleblowers in strict accordance with its policies.

The Group places the highest priority on the safety and health of all personnel, particularly in operational areas with elevated risk profiles such as production. The Group takes all necessary precautions to safeguard the occupational safety and health of all personnel. In compliance with the Occupational Safety and Health Act 1994, all employees are expected to adhere strictly to established safety-related standard operating procedures. The Group continues to strengthen its safety culture through the provision of regular targeted health and safety training and courses to relevant personnel to ensure that employees are equipped to maintain a secure working environment.

The Group also promotes diversity and inclusion as integral aspects of its corporate culture, in recognition of Malaysia's rich tapestry of ethnicities and backgrounds. All employees are provided equitable opportunities and treatment regardless of race, ethnicity, religion, nationality, age, marital status, gender, or any other protected characteristic. This commitment applies across recruitment, remuneration, promotions, retention, and training, helping to create a workplace that motivates employees and supports continuous growth.

To reinforce these commitments, the Group has established a comprehensive Employee Handbook and Human Resource policies and procedures, which clearly outline employee rights, benefits, and entitlements. Discrimination of any kind, whether based on race, religion, nationality, gender, age, pregnancy, marital status, sexual orientation, or physical disability, is strictly prohibited. Every individual is empowered with equal rights and opportunities to contribute to the sustainable growth of the Group All employees are entitled to fair wages, reasonable working hours, leave entitlements, medical benefits, termination procedures, and access to complaints mechanisms. The Group also enforces a strict policy against illegal employment.

The Group maintains a zero-tolerance stance on all forms of harassment, including sexual harassment, in the workplace. A dedicated Policy on the Prevention and Eradication of Sexual Harassment has been implemented and communicated to all employees via departmental notice boards and the corporate website. This policy ensures that all employees, regardless of gender, are protected from any forms of unwanted or inappropriate conduct, whether verbal, non-verbal, physical, visual, or psychological.

Sustainability Statement

As a responsible employer and sustainability-focused organisation, the Group upholds the principles of the 3Ps (Prosperity, Planet, and People) and is committed to adhering to the International Labour Organisation's ("ILO") Core Conventions as stipulated in the Group's FSC-COC Policy established, which is available on the corporate website of Ornapaper. The Group upholds these standards, as below, to ensure the well-being and dignity of its workforce while fostering a culture of respect, fairness, and inclusivity.

(a) No forced, bonded and indentured labour.
  - Under no circumstances forced labour shall be used, whether in the form of compulsory or trafficked labour, indentured labour, bonded labour, or any other forms.
  - Mental and physical coercion, slavery and human trafficking are prohibited.
  - Workers are not required to work more than the regular hours, and all overtime work by workers is on a voluntary basis.

(b) No child labours.
  - All workers employed must be above 18 years old, or under the local legal minimum age for work or mandatory schooling, whichever is higher.

(c) Freedom of association and the effective recognition of the right to collective bargaining.
  - Workers are not intimidated or harassed in the exercise of their rights to join or refrain from joining any organisation.

(d) No discrimination, harassment and abuse.
  - Workers are not subject to any physical, sexual, psychological or verbal harassment, abuse, or other forms of intimidation.
  - Shall not engage in, support or tolerate discrimination in employment.

(e) Safe and healthy working environment.
  - Work environments must be safe, healthy, and compliant with applicable regulations.

(f) Consistent wages, benefits and terms of employment.
  - Employees must receive fair wages and benefits aligned with legal standards and Group policies.

(g) Complaints and grievances.
  - Proper channels are established and regular meetings are conducted for employees to raise their concerns.

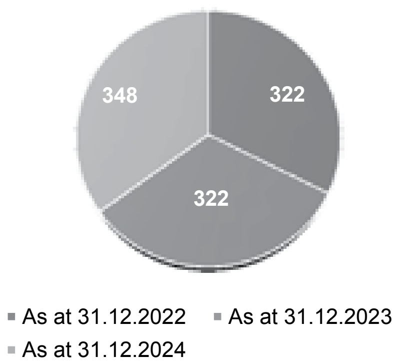
(h) Welfare of employees is taken care of.
  - All workers are provided with transparent, fair and confidential procedures that result in the swift, unbiased and fair resolution of difficulties that may arise as part of their working relationship.
  - All provisions of services and facilities for workers and their dependents are at, or above, the legally required minimum standards (if applicable).

(i) Training and competency
  - Training and development opportunities are provided equally to all employees.

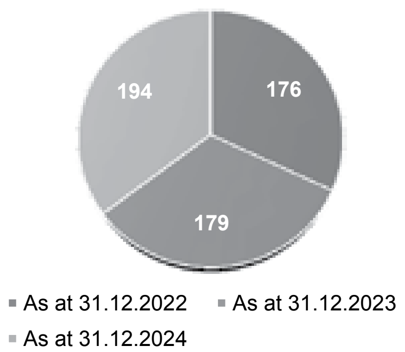
Sustainability Statement

A full breakdown of our workforce in Ornapaper Melaka, Ornapaper Batu Pahat, Ornapaper Perak, Ornapaper Johor, Tripack and Quantum is illustrated below.

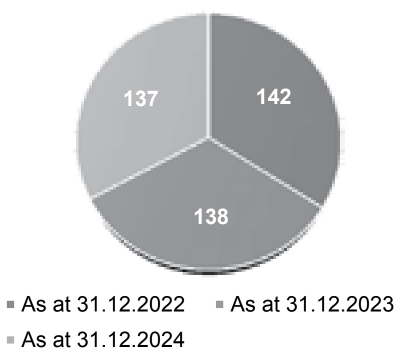
TOTAL NUMBER OF EMPLOYEES (ORNAPAPER MELAKA)



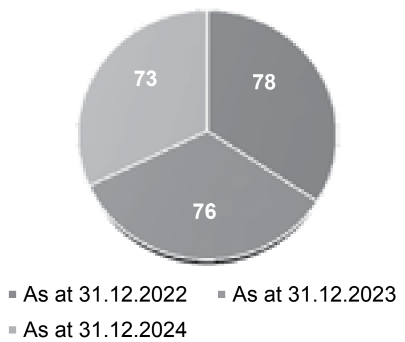
TOTAL NUMBER OF EMPLOYEES (ORNAPAPER BATU PAHAT)



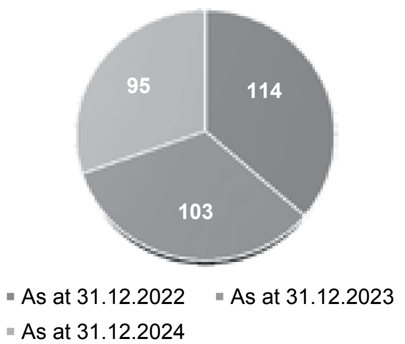
TOTAL NUMBER OF EMPLOYEES (ORNAPAPER PERAK)



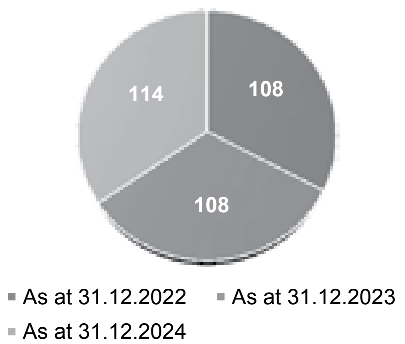
TOTAL NUMBER OF EMPLOYEES (ORNAPAPER JOHOR)



TOTAL NUMBER OF EMPLOYEES (TRIPACK)



TOTAL NUMBER OF EMPLOYEES (QUANTUM)



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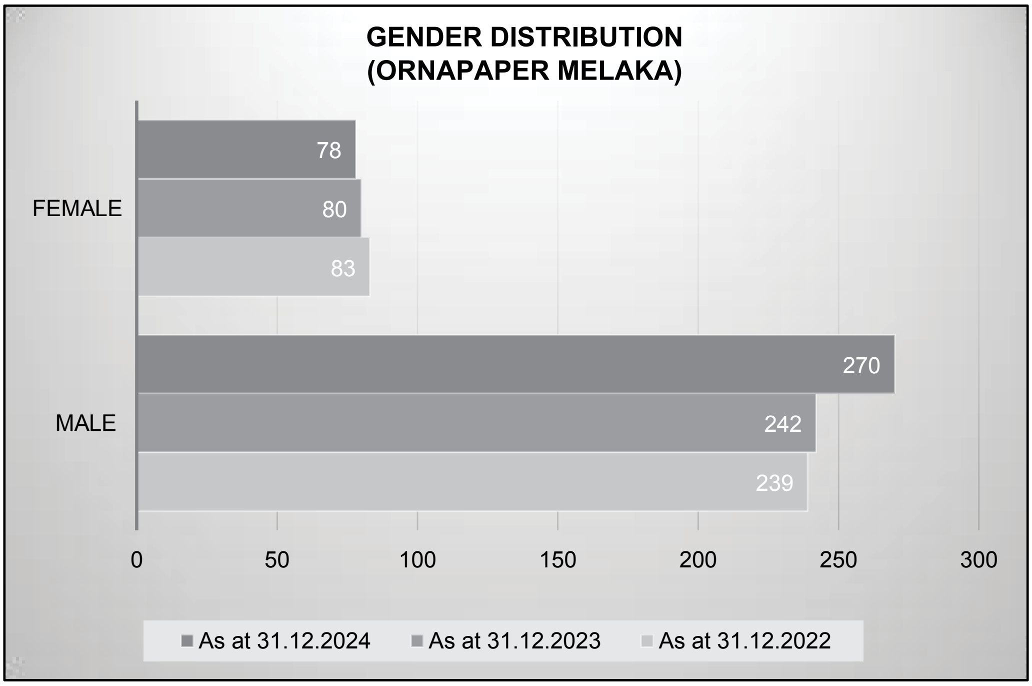

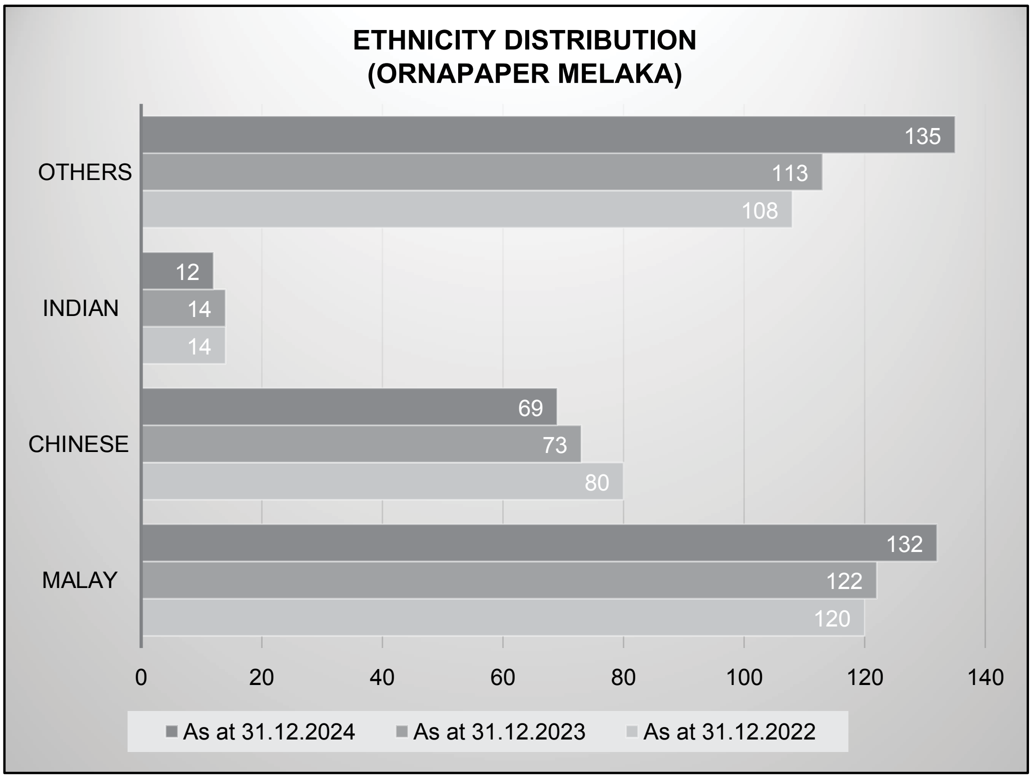

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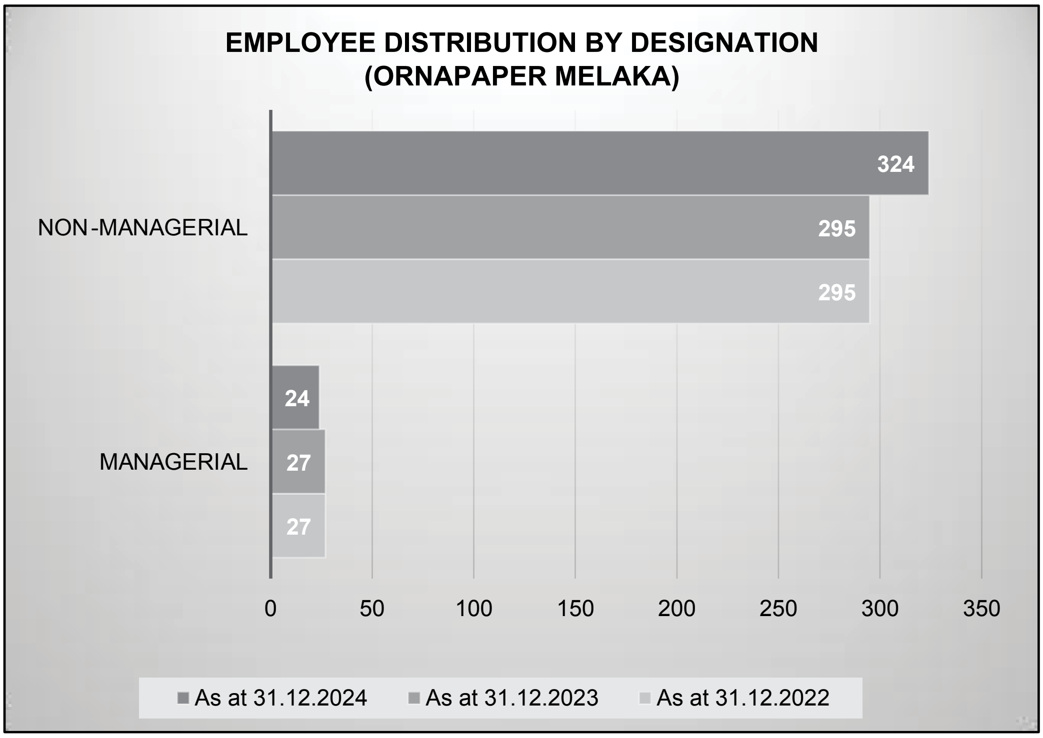

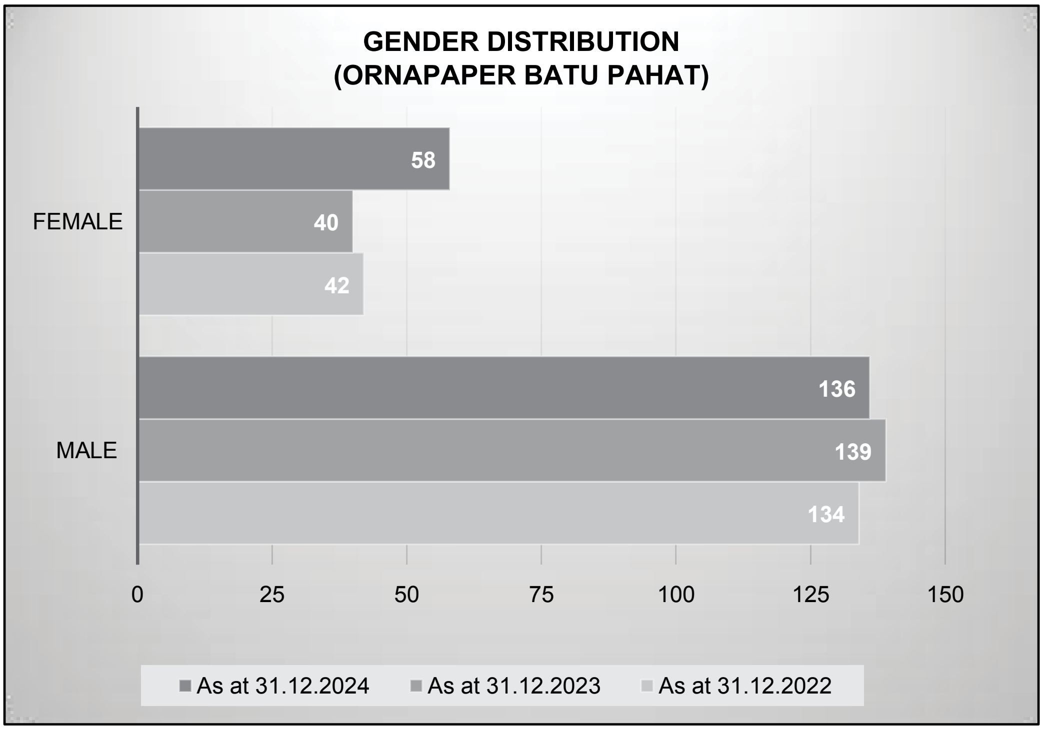

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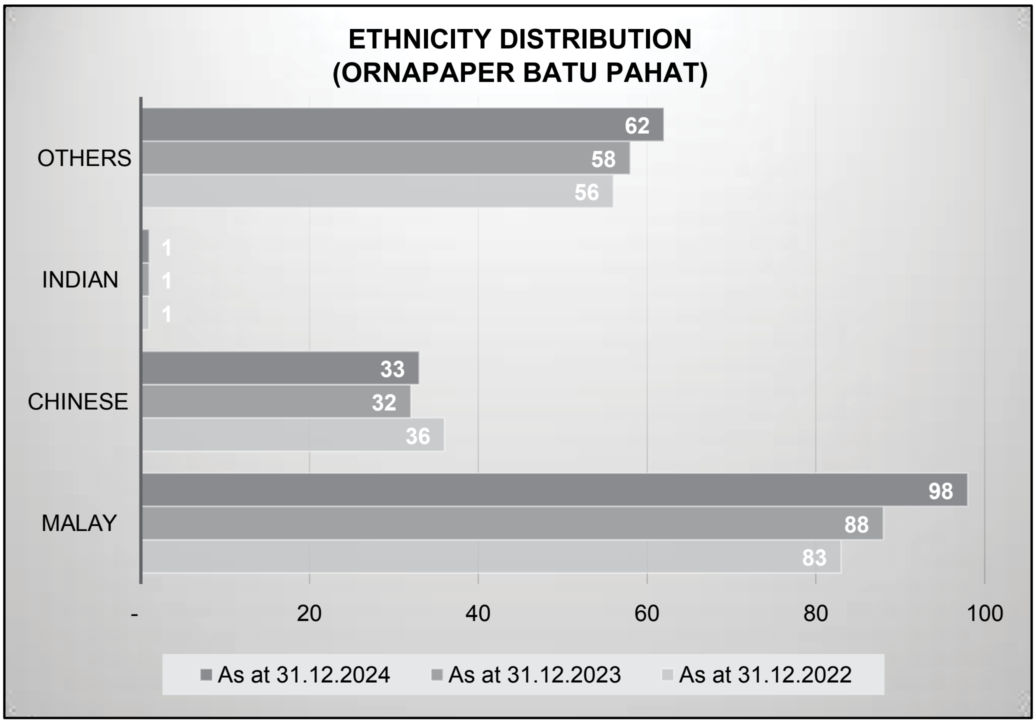

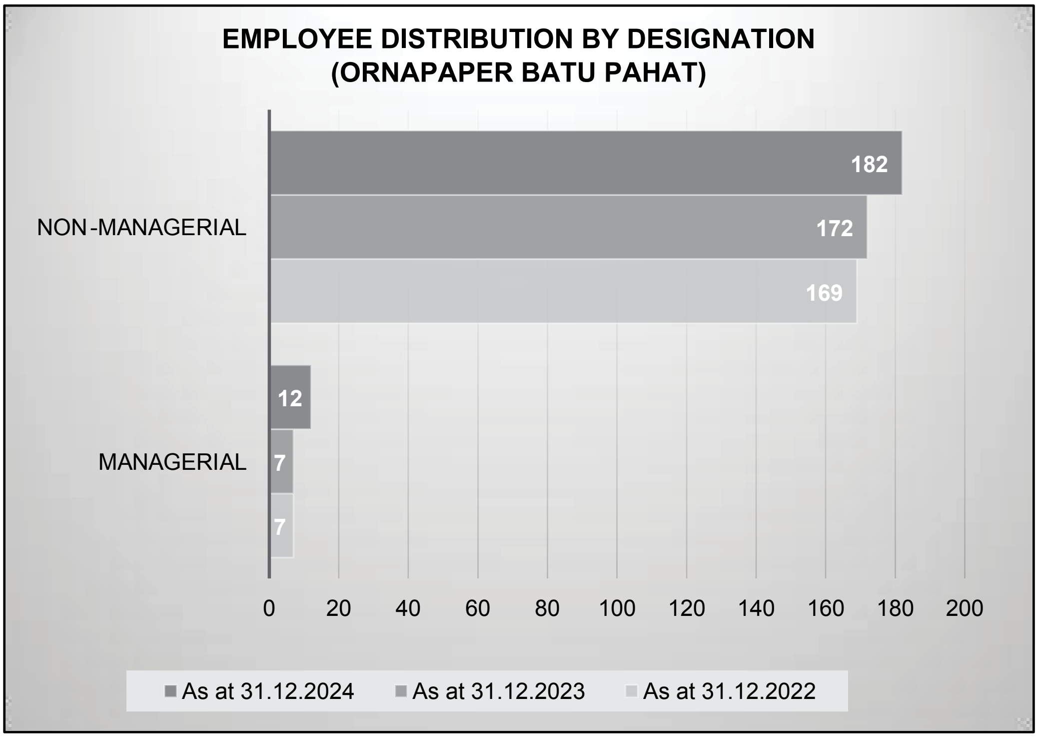

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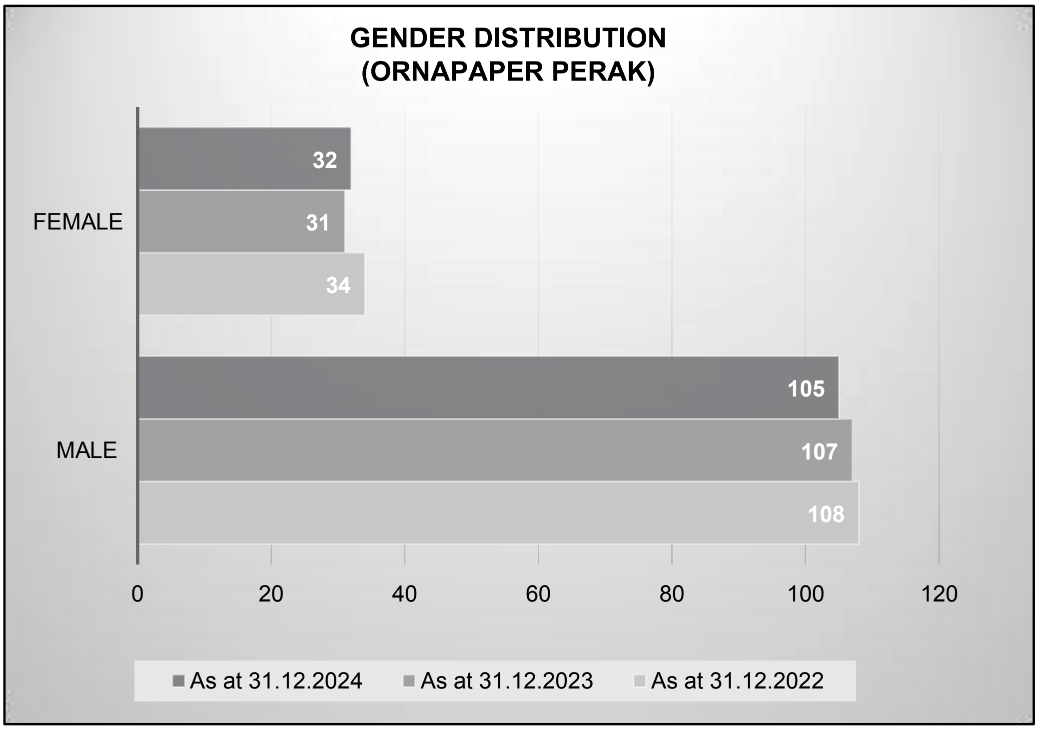

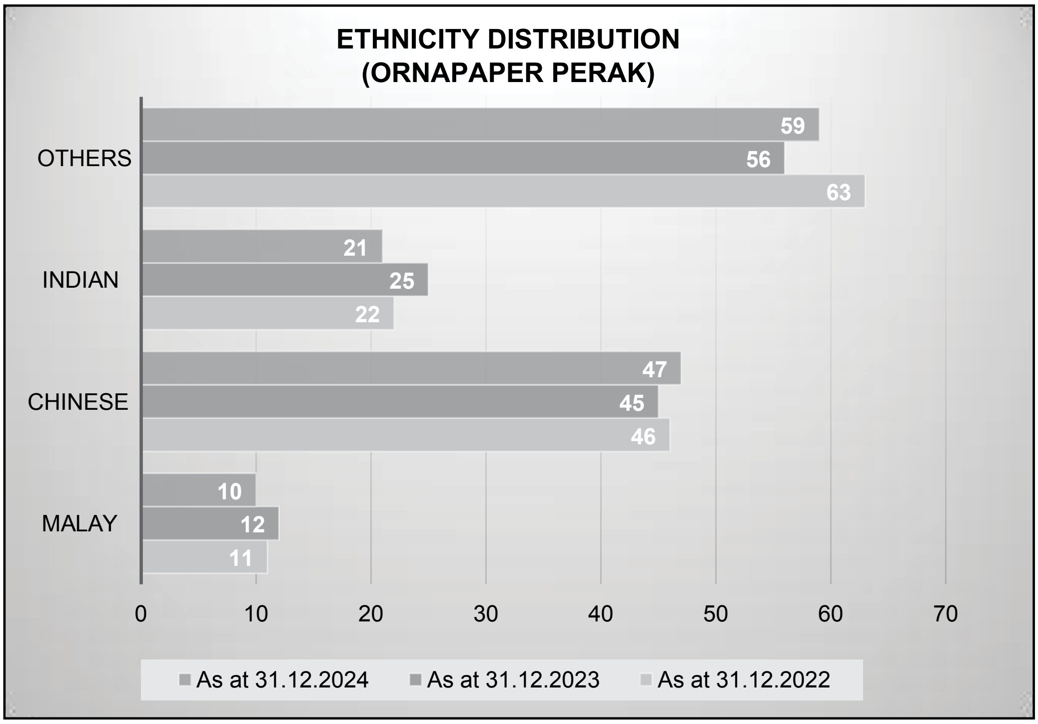

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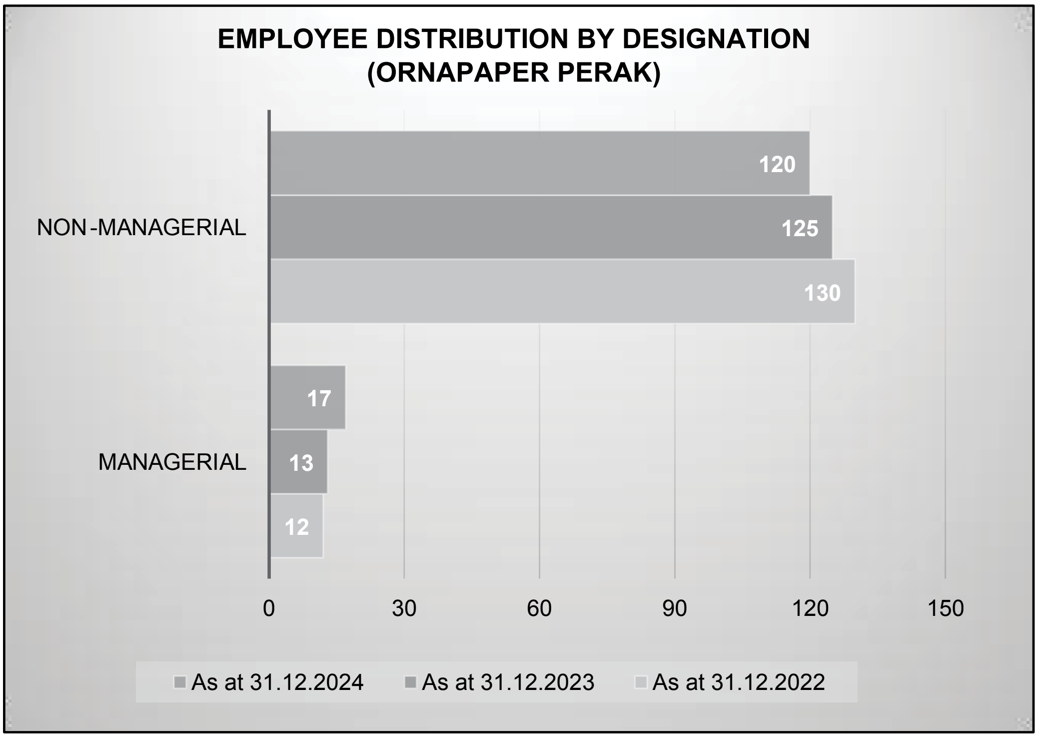

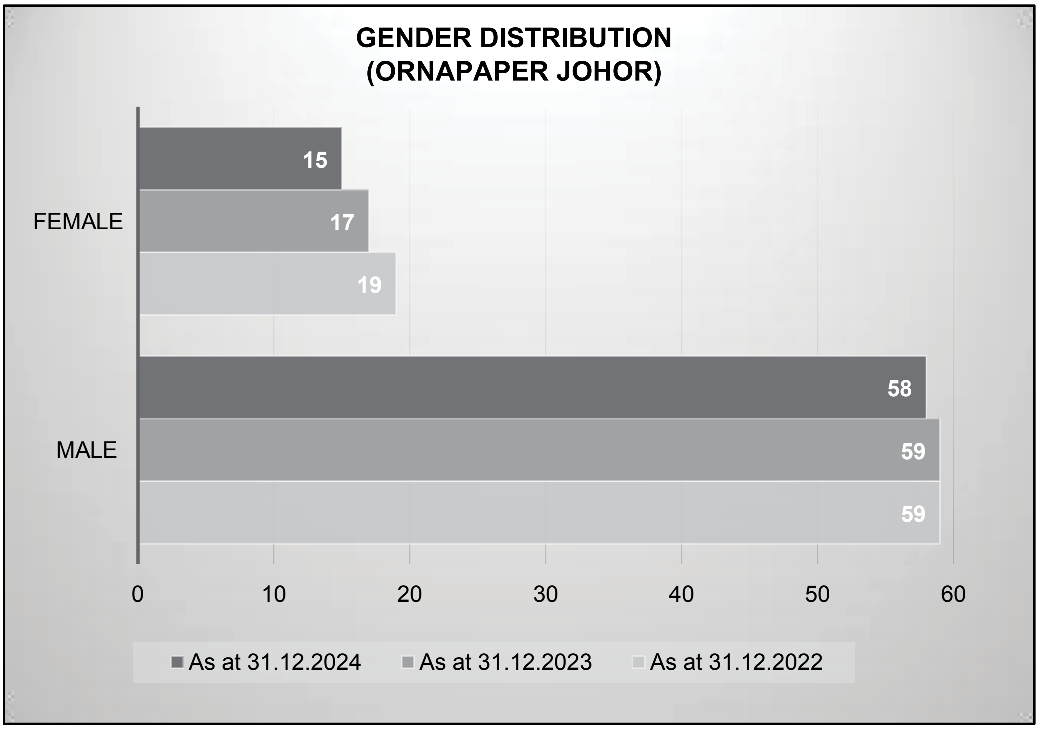

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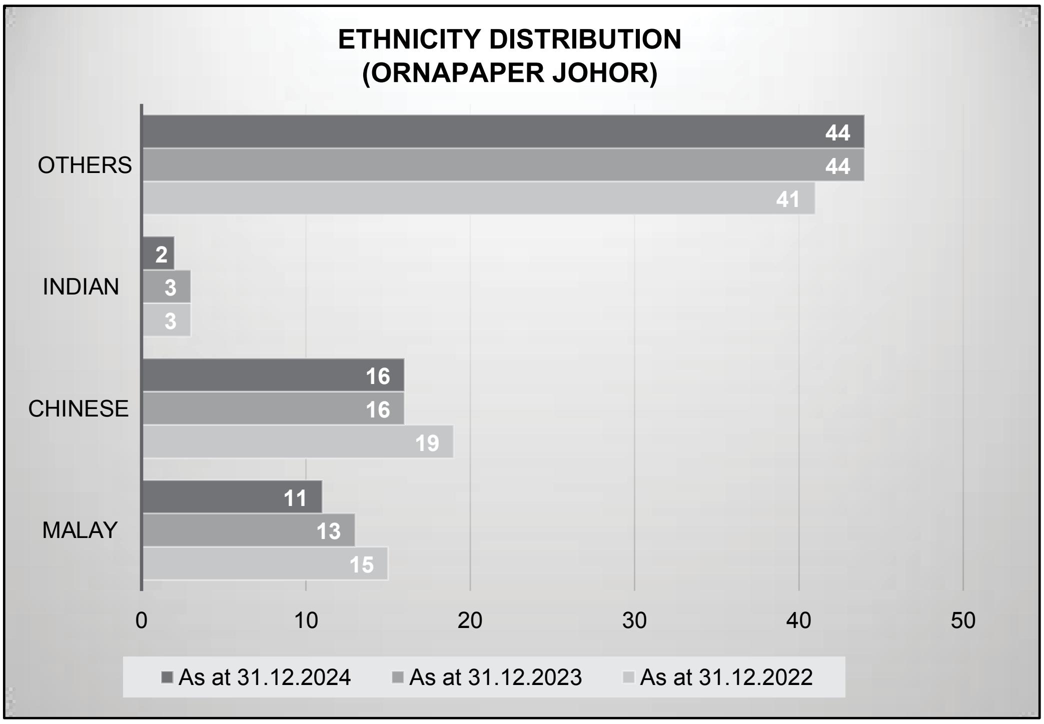

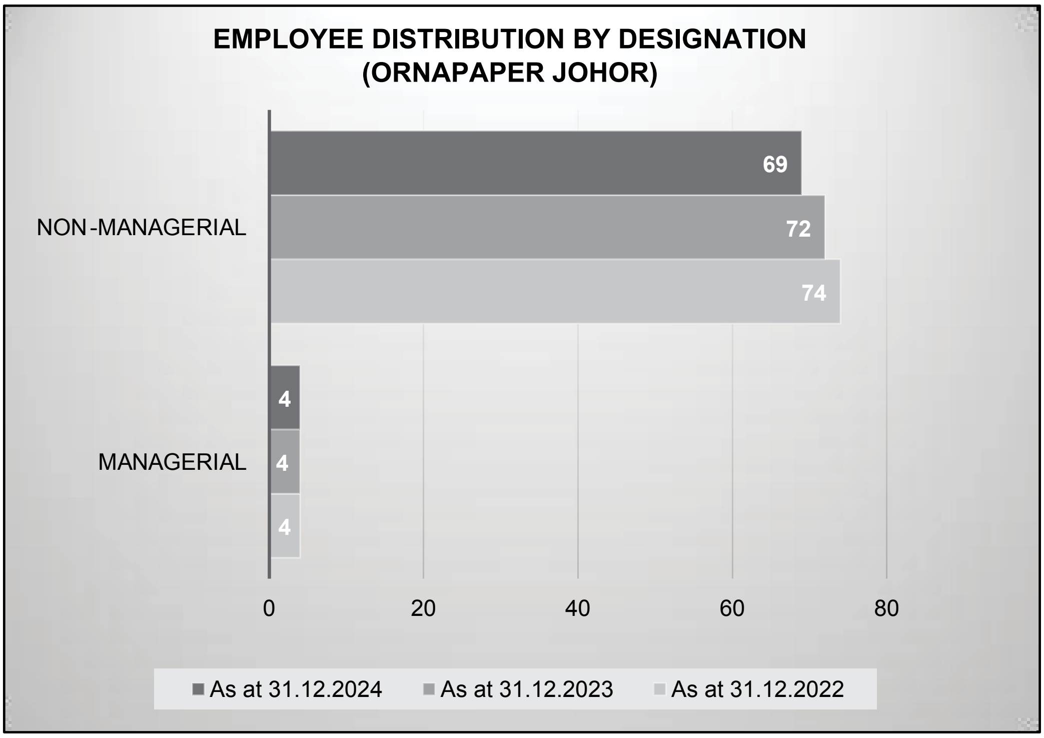

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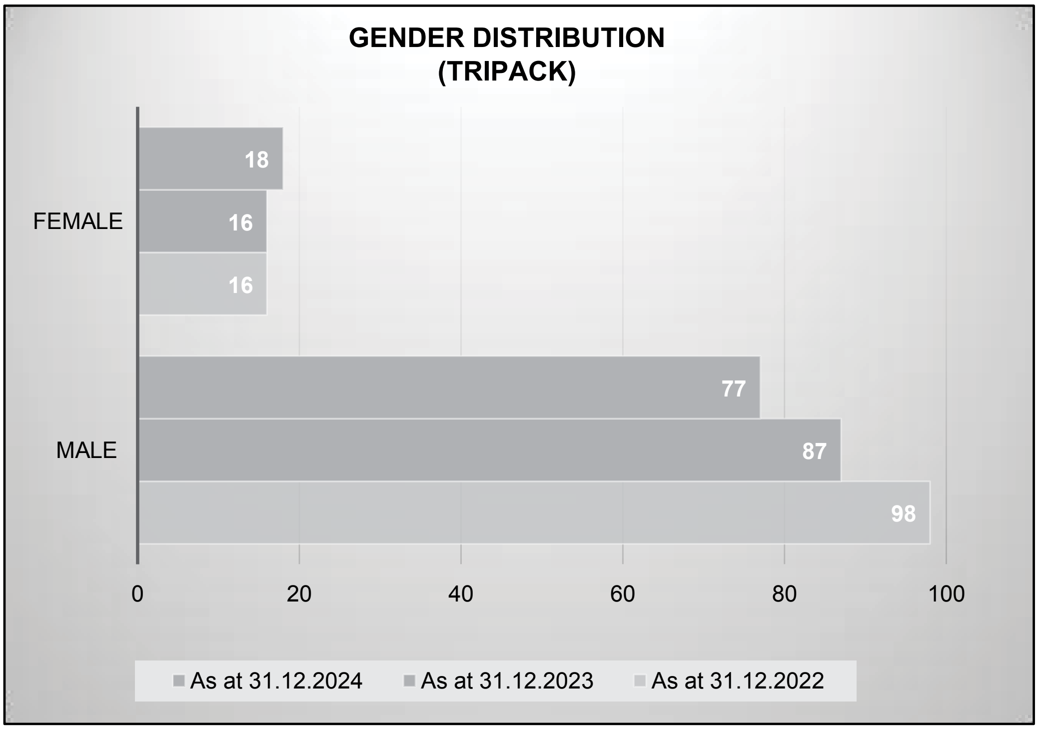

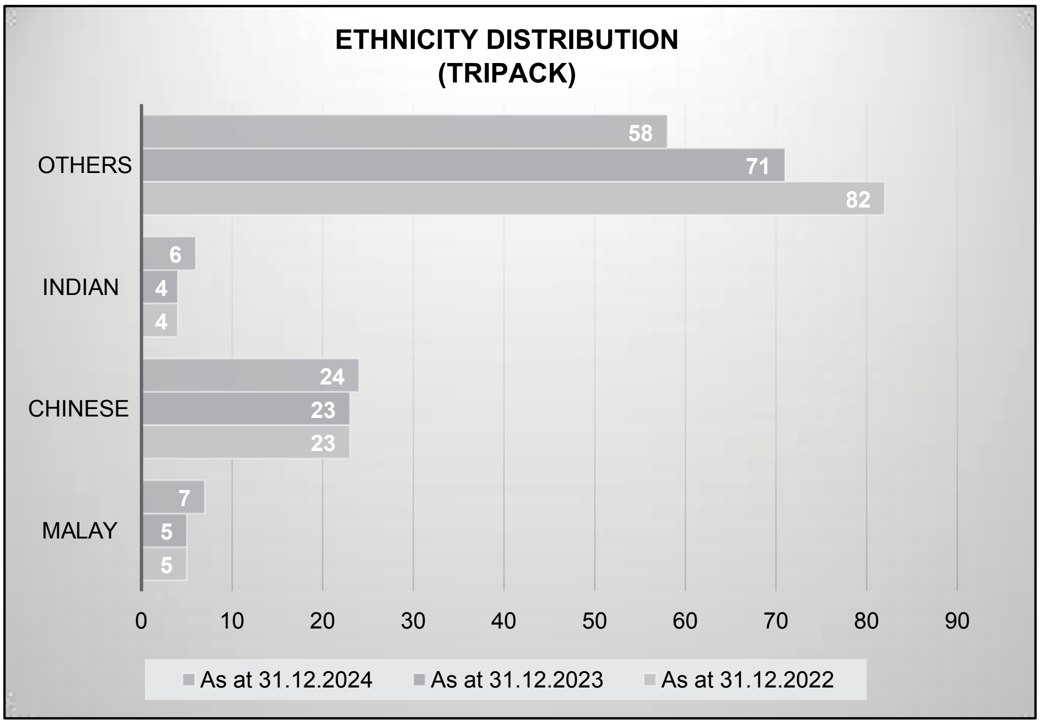

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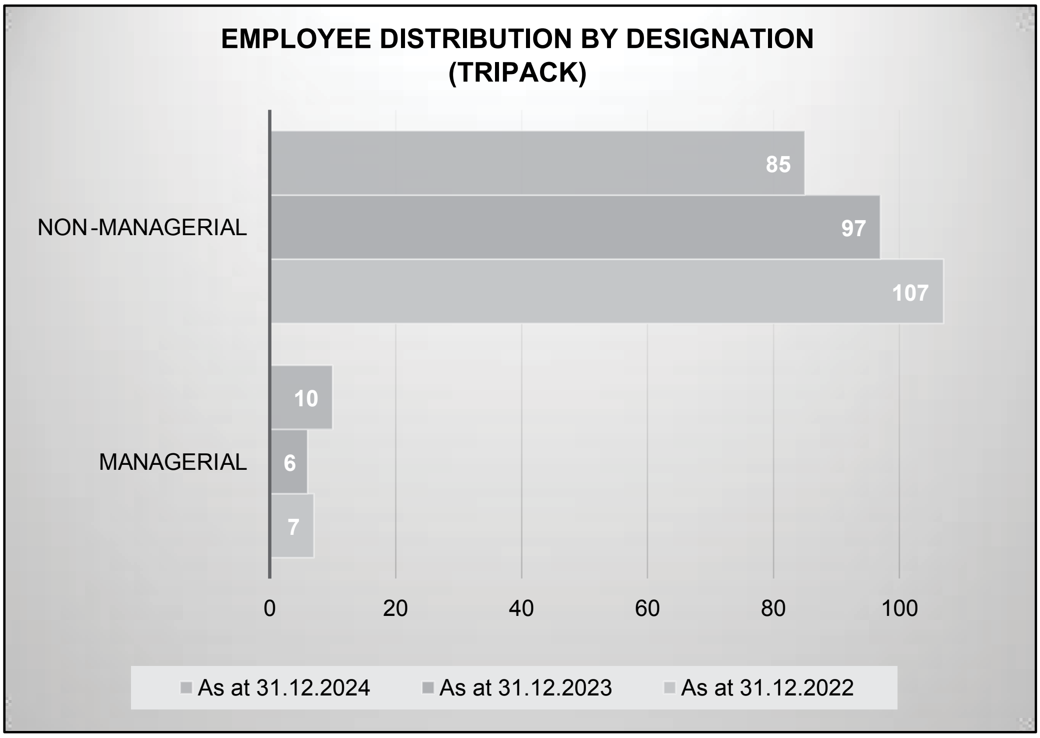

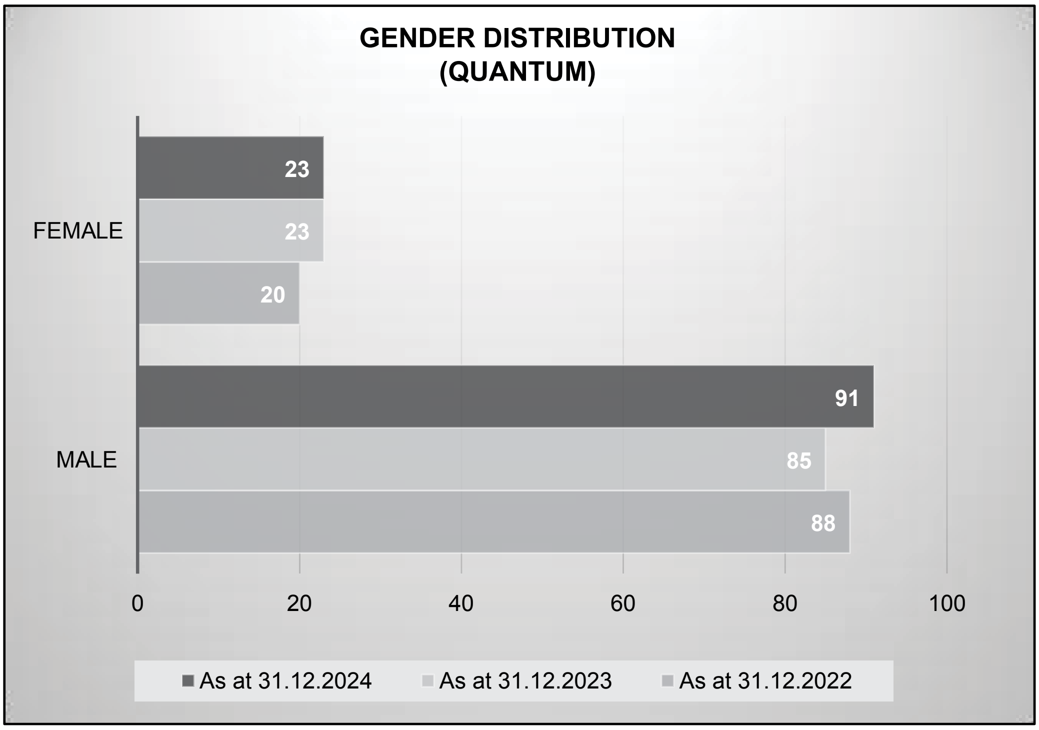

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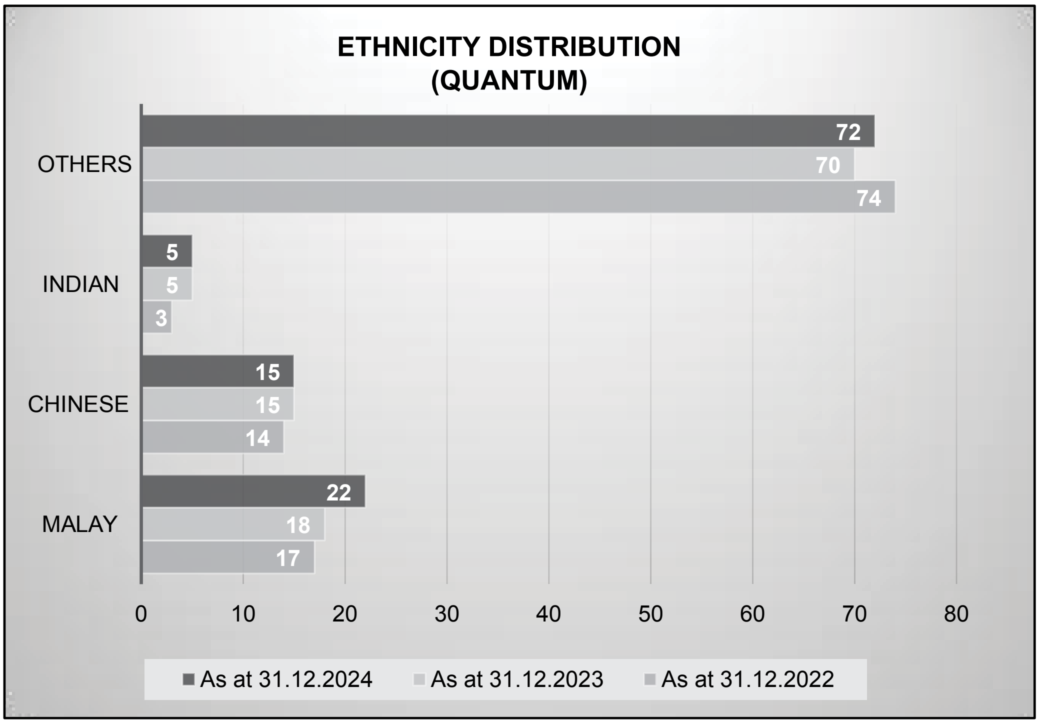
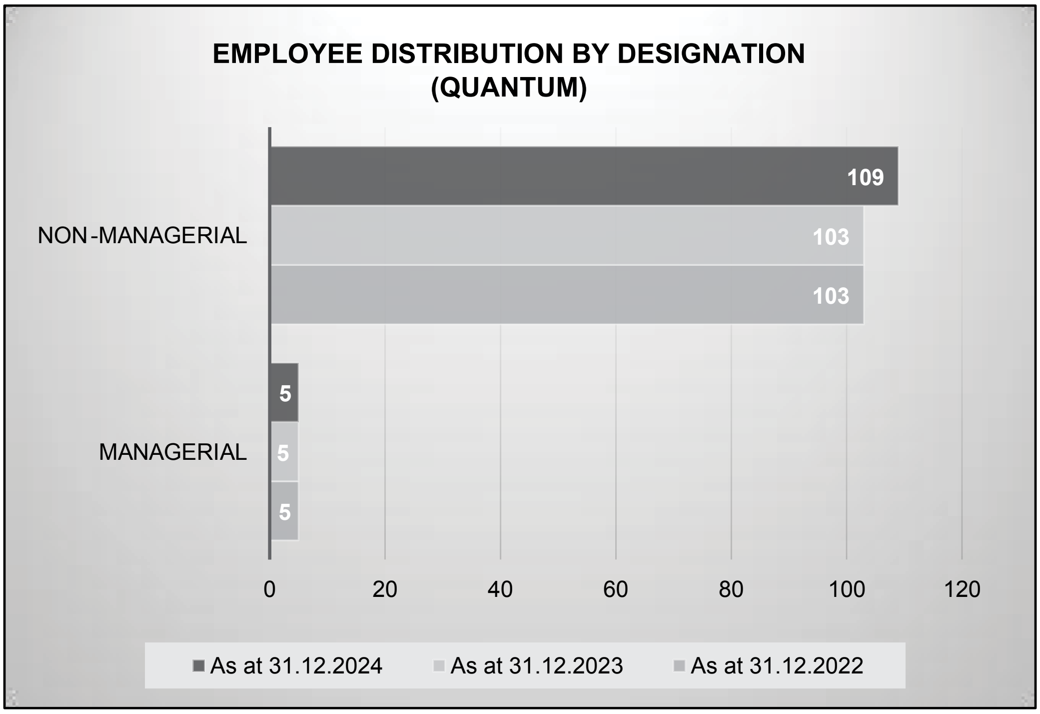




Sustainability Statement

As a responsible corporate citizen, the Group is dedicated to implementing sustainable and ethical practices that contribute to the long-term growth of its businesses, the conservation of the environment, and the promotion of social well-being. In fostering social responsibility, the Group places strong emphasis on upholding the rights of its employees by strictly complying with all relevant labour and social legislation, including but not limited to the Federal Constitution of Malaysia, the Employment Act and its regulations, Minimum Wages Order, Competition Act, Personal Data Protection Act, Minimum Retirement Age Act, Children and Young Persons Act, and Workers' Minimum Standards of Housing and Amenities Act, among others.

The Group places great emphasis on corporate philanthropy and community investment as part of its broader commitment to being a responsible and conscientious corporate citizen. These efforts are deeply embedded within the Group's core values and business philosophy, reinforcing its belief that corporate success is inherently linked to the strength, well-being, and vitality of the communities it serves. Through these contributions, the Group also aims to promote inclusive growth, reduce social disparities, and support community aspirations in a sustainable and impactful manner. By leveraging its capabilities and resources, the Group endeavours to nurture positive, lasting relationships with key stakeholders, strengthen community resilience, and foster shared value that benefits both business and society.

During the financial year, the Group undertook a range of impactful community investment initiatives, including corporate donations and participation in community events aligned with its corporate social responsibility objectives. Monetary contributions were extended to charities, schools, and non-profit organisations to support a variety of causes and socio-economic development initiatives. In addition, a Love Fund was established within the organisation to support employees and their families in times of need. For instance, Ornapaper Melaka contributed both financial aid and a foldable commode chair to assist an employee who had suffered injuries, exemplifying Ornapaper's care and compassion towards its workforce.

In addition to monetary support, the Group provided non-monetary contributions to promote education and social development. Ornapaper Melaka hosted a company tour for secondary schoolchildren as part of an outdoor education initiative, giving students firsthand insight into the operations of a paper packaging company. The Group also participated in a school's Book Culture Week, donating customised carton products for a whale-themed exhibition to inspire creativity and environmental awareness. Furthermore, Quantum also donated stationeries to one of the primary school's students, reinforcing the Group's commitment to enhancing educational access for the younger generation.

Beyond building sustainability in business operations, we also recognise the importance of being responsible to society by not only providing financial and non-financial support to the local communities and those in need but also sharing our knowledge base for the next generation of community development. The Group continued to support education and talent development through internship programmes designed to provide students with valuable work experience and skill-building opportunities while serving as a talent pipeline for the Group. These programmes help students meet academic requirements, gain practical experience, and explore future career pathways within the organisation.

Through these collective efforts, Ornapaper Group demonstrates its unwavering commitment to the well-being of its employees, the betterment of society, and the development of future generations. These initiatives reflect the Group's deeply held values of integrity, inclusiveness, and shared prosperity. The Group remains firmly dedicated to social responsibility, employee empowerment, and ethical business practices as part of its long-term strategy to create enduring value for all stakeholders and drive sustainable business growth.

Sustainability Statement

Performance Data Table

Indicator	Unit	2024	2023	2022	Target
Anti-Fraud, Bribery and Corruption					
Bursa C1(a) Percentage of employees who have received training on anti-corruption					More than 90% of employees received training on anti-bribery and corruption
- Total Employees	Percentage	100%	80%	31%	-
- Managerial and above	Percentage	100%	77%	52%	-
- Executive and below	Percentage	100%	80%	30%	-
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100%	100%	100%	-
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0	-
Community Investment					
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	160,976	111,968	83,338	-
Busa C2(b) Total number of beneficiaries of the investment in communities	Number	49	43	36	-
Diversity					
Bursa C3(a) Percentage of employees by gender and age group, for each employee category					-
Age Group by Employee Category					
- Managerial and Above (below 25)	Percentage	0%	0%	0%	-
- Managerial and Above (25-35)	Percentage	7%	3%	3%	-
- Managerial and Above (35-45)	Percentage	26%	29%	19%	-
- Managerial and Above (45-60)	Percentage	52%	54%	61%	-
- Managerial and Above (above 60)	Percentage	15%	14%	16%	-
- Executive and Supervisory (below 25)	Percentage	4%	1%	4%	-
- Executive and Supervisory (25-35)	Percentage	27%	33%	32%	-
- Executive and Supervisory (35-45)	Percentage	26%	27%	33%	-
- Executive and Supervisory (45-60)	Percentage	40%	35%	28%	-
- Executive and Supervisory (above 60)	Percentage	3%	3%	3%	-

Sustainability Statement

Performance Data Table *(Cont'd)*

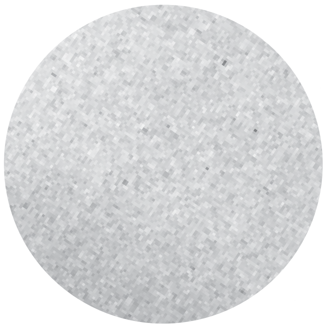
Indicator	Unit	2024	2023	2022	Target
Diversity					
Age Group by Employee Category					
- Non-executive (below 25)	Percentage	23%	19%	20%	-
- Non-executive (25-35)	Percentage	42%	42%	42%	-
- Non-executive (35-45)	Percentage	23%	25%	23%	-
- Non-executive (45-60)	Percentage	10%	12%	12%	-
- Non-executive (above 60)	Percentage	2%	2%	2%	-
Gender Group by Employee Category					
- Managerial and Above Male	Percentage	65%	66%	69%	-
- Managerial and Above Female	Percentage	35%	34%	31%	-
- Executive and Supervisory Male	Percentage	56%	43%	42%	-
- Executive and Supervisory Female	Percentage	44%	57%	58%	-
- Non-executive Male	Percentage	83%	85%	84%	-
- Non-executive Female	Percentage	17%	15%	16%	-
Bursa C3(b) Percentage of directors by gender and age group					
- Male	Percentage	87.5%	87.5%	87.5%	-
- Female	Percentage	12.5%	12.5%	12.5%	-
- Under 40	Percentage	0.0%	0.0%	0.0%	-
- 40-50	Percentage	12.5%	12.5%	0.0%	-
- 50-60	Percentage	50.0%	50.0%	62.5%	-
- Above 60	Percentage	37.5%	37.5%	37.5%	-
Energy Management					
Bursa C4(a) Total energy consumption	Megawatt	41,981	14,803	-	-
Health and Safety					
Bursa C5(a) Number of work-related fatalities	Number	0	0	0	Zero fatality annually
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	7.3	4.03	6.12	-
Bursa C5(c) Number of employees trained on health and safety standards	Number	961	538	514	100% of employees to receive training of Safety and Health

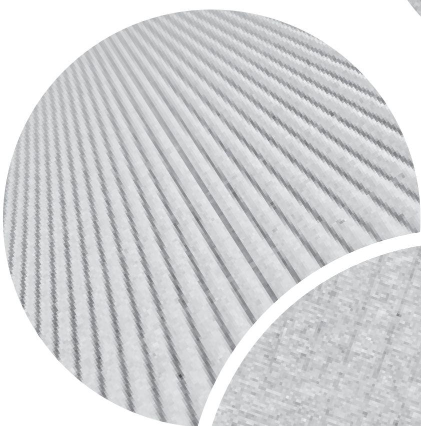
Sustainability Statement

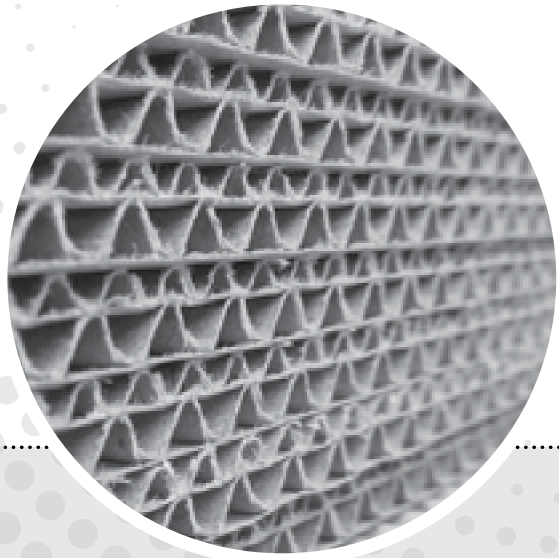
Performance Data Table *(Cont'd)*

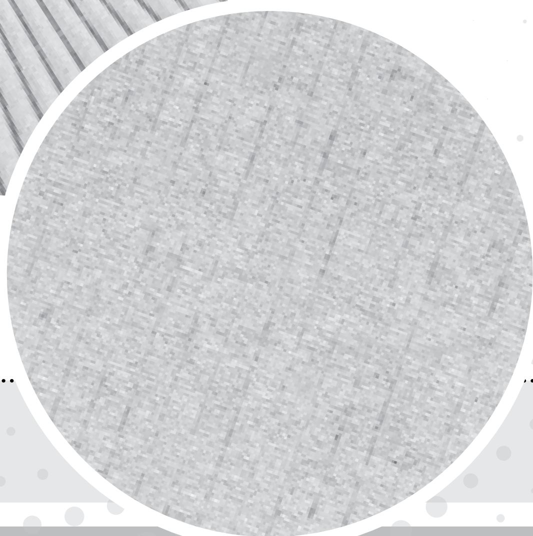
Indicator	Unit	2024	2023	2022	Target
Labour Practices and Standards					
Bursa C6(a) Total hours of training by employee category					
- Managerial and above	Hours	2,085	1,083	484	-
- Non- Managerial	Hours	17,968	10,836	14,644	-
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	2%	10%	10%	-
Bursa C6(c) Total number of employee turnover by employee category					-
- Managerial and above	Number	1	0	0	-
- Executive and Supervisory	Number	22	10	21	-
- Non- Executive	Number	124	141	209	-
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0	Zero complaints concerning human rights violations
Supply Chain Management					
Bursa C7(a) Proportion of spending on local suppliers	Percentage	86%	89%	82%	-
Data Privacy and Security					
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0	Zero complaint concerning breaches of customer privacy and losses of customer data
Water					
Bursa C9(a) Total volume of water used	Megalitres	56.86	53.85	88.61	Lower than 0.7 cubic metre (m^3) of total water consumption per metric tonne of production output

Financial Statements









Directors' Report

Directors' report

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2024.

Principal activities

The Company is principally engaged in the business of investment holding.

The information on the name, place of incorporation, principal activities, and percentage of issued share capital held by the Company in each subsidiary company are set out in the "Subsidiaries" section of this report.

There have been no significant changes in the nature of these principal activities during the financial year.

Results

	The Group RM'000	The Company RM'000
Profit after taxation for the financial year	5,711	173
Attributable to:		
Owners of the Company	5,639	173
Non-controlling interest	72	-
	5,711	173

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Dividends

Dividends paid or declared by the Company since 31 December 2023 is as follows:-

	RM'000
In respect of the financial year ended 31 December 2023	
Final single tier dividend of 2 sen per ordinary share, declared on 17 April 2024 and paid on 20 May 2024	1,483

The Company declared a final single tier dividend of 2 sen per ordinary share in respect of the current financial year 31 December 2024 to be paid on 20 May 2025 to shareholders whose names appeared in the records of depositors on 6 May 2025. The financial statements for the current financial year do not reflect this dividend. Such dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2025.

Directors' Report

Directors

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Sai Han Siong
Sai Chin Hock
Dr. Ang Kwee Teng
Lim Joo Song
Lim Kit Ming
Sai Ah Sai
Sean Ne Teo
Tan Chin Hwee

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:-

Fong Yew Teck
Foo Chee Juin
Pong Hee Kit

Directors' interests

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:-

	Number of ordinary shares			
	At 1.1.2024	Bought	Sold	At 31.12.2024
Holding Company				
Direct interests				
Sai Han Siong	145	-	-	145
Sai Chin Hock	1,000	-	-	1,000
Sai Ah Sai	855	-	-	855
The Company				
Direct interests				
Sai Han Siong	15,000	-	-	15,000
Sai Ah Sai	120,000	-	-	120,000
Dr. Ang Kwee Teng	-	25,000	-	25,000
Indirect interests				
Sai Han Siong #	38,467,543	-	-	38,467,543
Sai Chin Hock #	37,885,219	-	-	37,885,219
Sai Ah Sai #	39,532,043	-	-	39,532,043
Lim Joo Song #	292,000	-	-	292,000

 # Deemed interested by virtue of shares held by companies in which the respective directors have significant interest and by virtue of the respective directors' spouse, son's and father's shareholdings in the Company.

Directors' Report

Directors' interests (continued)

By virtue of their shareholdings in the holding company, Sai Han Siong, Sai Chin Hock and Sai Ah Sai are deemed to have interests in shares of the Company in its related corporations during the financial year to the extent of the holding company's interests, in accordance with Section 8 of the Companies Act 2016.

The other directors holding office at the end of the financial year had no interest in shares of the Company or its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in "Directors' Remuneration" section of this report) 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 except for any benefits which may be deemed to arise from the following transactions:-

	The Group RM'000	The Company RM'000
Subsidiaries		
Dividends received from subsidiaries	-	(1,748)
Companies in which certain directors have substantial financial interests		
Lease expenses	660	-
Sales of goods	(9,785)	-
Purchase of goods	421	-
A company in which close family members of certain directors have substantial financial interests		
Sales of goods	(363)	-
Purchase of goods	3,020	-
Purchase of property, plant and equipment	437	-
Repair and maintenance	6	-

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' Report

Directors' remuneration

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are as follows:-

	The Group RM'000	The Company RM'000
Fees	240	240
Salaries, bonuses and other benefits	3,025	24
Defined contribution benefits	253	-
	3,518	264

The estimated monetary value of benefits-in-kind provided by the Group to the directors of the Company was approximately RM66,000.

Indemnity and insurance cost

The Company maintains a Directors' and Officers' Liability Insurance Policy on a group basis. During the financial year, the amount of indemnity coverage and insurance premium paid for the directors and certain officers of the Group were RM2,000,000 and RM2,592 respectively.

Issues of shares and debentures

During the financial year:-

(a) there were no changes in the issued and paid-up share capital of the Company; and

(b) there were no issues of debentures by the Company.

Treasury shares

As at 31 December 2024, the Company held as treasury shares a total of 1,098,445 of its 75,250,601 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM540,700.

Options granted over unissued shares

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

Directors' Report

Subsidiaries

(a) The details of the Company's subsidiaries are as follows:-

Name of Subsidiary	Country of Incorporation	Percentage of Issued Share Capital Held by Parent	Principal Activities
Subsidiaries of the Company			
Ornapaper Industry (M) Sdn. Bhd.	Malaysia	100%	(i) Manufacturing and sale of corrugated boards and carton boxes; and (ii) Property development and property investment
Ornapaper Industry (Batu Pahat) Sdn. Bhd.	Malaysia	100%	Manufacturing and sale of corrugated boards and carton boxes
Ornapaper Industry (Perak) Sdn. Bhd.	Malaysia	100%	Manufacturing and sale of corrugated boards and carton boxes
Quantum Rhythm Sdn. Bhd.	Malaysia	100%	Manufacturing of paper-based stationery products
Tripack Packaging (M) Sdn. Bhd.	Malaysia	100%	Manufacturing and sale of carton boxes
Ornapaper Industry (Johor) Sdn. Bhd.	Malaysia	80%	Manufacturing and sale of carton boxes
Subsidiary of Ornapaper Industry (M) Sdn. Bhd.			
Ornapaper Logistics Sdn. Bhd.	Malaysia	100%	Transportation services

(b) The available auditors' reports on the financial statements of the subsidiaries did not contain any qualification.

Holding company

The holding company is Intisari Delima Sdn. Bhd., a company incorporated in Malaysia.

Directors' Report

Other statutory information

(a) Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:

  (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables; and

  (ii) to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their values as shown in the accounting records of the Company, have been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

  (i) the writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company; and

  (ii) the values attributed to the current assets in the financial statements misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) At the date of this report, there does not exist:

  (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

  (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

  (i) no contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due; and

  (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is 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.

Directors' Report

Auditors

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration for the financial year are as follows:-

	The Group RM'000	The Company RM'000
Audit fees	230	45
Non-audit fees	5	5
	235	50

Signed in accordance with a resolution of the directors dated 18 April 2025.

Sai Han Siong **Sai Chin Hock**

Statement by Directors

Statement by directors
Pursuant to Section 251(2) of the Companies Act 2016

We, Sai Han Siong and Sai Chin Hock, being two of the directors of Ornapaper Berhad, state that, in the opinion of the directors, the financial statements set out on pages 129 to 189 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements 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 of 31 December 2024 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 18 April 2025.

Sai Han Siong **Sai Chin Hock**

Statutory declaration
Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Sai Han Siong, being the director primarily responsible for the financial management of Ornapaper Berhad, do solemnly and sincerely declare that the financial statements set out on pages 129 to 189 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Sai Han Siong, NRIC Number: 700507-71-5425
at Melaka
in the State of Melaka
on this 18 April 2025

Sai Han Siong

Before me,

SHAHRIZAH BINTI YAHYA (NO. M084)
Commissioner for Oaths

Independent Auditor's Report

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Ornapaper Berhad, which comprise the statements of financial position of the Group and of the Company as at 31 December 2024, and the 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 129 to 189.

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 December 2024, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting 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. 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 matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report

Key audit matters (continued)

We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter Revenue Recognition (Refer to Note 5 to the financial statements)	**How our audit addressed the key audit matter**
Consolidated revenue recorded by the Group during the year amounted to approximately RM297 million. We consider revenue recognition for sale of goods to be a potential cause for higher risk of material misstatement from the perspective of timing of recognition and the amount of revenue recognised. Accordingly, we regard revenue recognition to be a key audit matter.	Our procedures included, amongst others: • testing the operating effectiveness of internal control over the completeness, accuracy, and timing of revenue recognised in the financial statements on a sample basis; • reviewing the terms of material sales contracts and purchase orders from customers to determine the point of transfer of control on a sample basis; • testing the recording of sales transactions, revenue cut-off and review of credit notes after year end on a sample basis; and • obtaining confirmations from trade receivables as at the financial year end and reviewing collections relating to material trade receivables during and after the financial year end on a sample basis.

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.

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.

Independent Auditor's Report

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 Malaysian Financial Reporting Standards, International Financial Reporting 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 Group's and the Company's ability 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 International Standards on Auditing 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.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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.

- 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 Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- 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 Group's or the Company's ability 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.

Independent Auditor's Report

Auditors' responsibilities for the audit of the financial statements (continued)

- 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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, actions taken to eliminate threats or safeguards applied.

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.

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Chin Siew Choo
03720/03/2027 J
Chartered Accountant

Melaka

18 April 2025

Statements of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 December 2024

	Note	The Group 2024 RM'000	The Group 2023 RM'000 (Restated)	The Company 2024 RM'000	The Company 2023 RM'000
Revenue	5	297,036	278,422	1,748	1,271
Cost of goods sold		(259,684)	(242,297)	-	-
Gross profit		37,352	36,125	1,748	1,271
Other income	6	3,812	2,287	90	83
Administrative expenses		(17,354)	(16,367)	(581)	(410)
Selling and marketing expenses		(3,959)	(3,819)	-	-
Other expenses		(8,684)	(7,023)	(1,056)	(650)
Operating profit		11,167	11,203	201	294
Finance costs	7	(3,238)	(2,950)	-	-
Net impairment losses on financial assets	8	(150)	(675)	-	-
Profit before taxation	9	7,779	7,578	201	294
Income tax expense	11	(2,068)	(1,061)	(28)	(5)
Profit after taxation		5,711	6,517	173	289
Other comprehensive income		-	-	-	-
Total comprehensive income for the financial year		5,711	6,517	173	289
Profit after taxation attributable to:					
Owners of the Company		5,639	6,567	173	289
Non-controlling interest		72	(50)	-	-
		5,711	6,517	173	289
Total comprehensive income attributable to:					
Owners of the Company		5,639	6,567	173	289
Non-controlling interest		72	(50)	-	-
		5,711	6,517	173	289
Earnings per share (sen)					
Basic	12	7.6	8.9		
Diluted	12	7.6	8.9		

The annexed notes form an integral part of these financial statements.

Statements of Financial Position

As at 31 December 2024

		The Group		The Company	
		2024	2023	2024	2023
	Note	RM'000	RM'000	RM'000	RM'000
Assets					
Non-current assets					
Property, plant and equipment	13	103,007	100,796	-	-
Investment properties	14	5,309	-	-	-
Right-of-use assets	15	18,304	17,884	-	-
Investments in subsidiaries	16	-	-	95,132	96,116
Goodwill	17	1,633	1,633	-	-
Property development costs	18	19,970	-	-	-
		148,223	120,313	95,132	96,116
Current assets					
Inventories	19	47,578	50,975	-	-
Property development costs	18	13,053	-	-	-
Right of return assets	20	56	56	-	-
Trade receivables	21	65,113	58,735	-	-
Other receivables, deposits and prepayments	22	4,540	9,489	994	1,013
Current tax assets		2,359	2,782	-	6
Derivative assets	23	3	37	-	-
Fixed deposits with licensed banks	24	4,773	4,659	3,495	3,414
Cash and bank balances		62,722	60,751	64	445
		200,197	187,484	4,553	4,878
Total assets		348,420	307,797	99,685	100,994
Equity and liabilities					
Equity attributable to owners of the parent					
Share capital	25(a)	86,407	86,407	86,407	86,407
Treasury shares	25(b)	(541)	(541)	(541)	(541)
Retained earnings		115,275	111,119	13,763	15,073
		201,141	196,985	99,629	100,939
Non-controlling interest	16	1,759	1,687	-	-
Total equity		202,900	198,672	99,629	100,939

The annexed notes form an integral part of these financial statements.

Statements of Financial Position
As at 31 December 2024 (continued)

		The Group		The Company	
		2024	2023	2024	2023
	Note	RM'000	RM'000	RM'000	RM'000
Equity and liabilities (continued)					
Non-current liabilities					
Loans and borrowings	26	41,012	14,684	-	-
Lease liabilities	27	919	332	-	-
Deferred tax liabilities	28	10,690	10,256	-	-
		52,621	25,272	-	-
Current liabilities					
Trade payables	29	18,535	18,193	-	-
Other payables and accruals	30	14,068	12,794	56	55
Refund liabilities	20	443	406	-	-
Loans and borrowings	26	57,608	49,894	-	-
Bank overdrafts	31	1,181	1,652	-	-
Lease liabilities	27	1,064	914	-	-
		92,899	83,853	56	55
Total liabilities		145,520	109,125	56	55
Total equity and liabilities		348,420	307,797	99,685	100,994

The annexed notes form an integral part of these financial statements.

Statements of Changes in Equity

For the financial year ended 31 December 2024

The Group	Note	Share capital RM'000	Treasury shares RM'000	Distributable Retained earnings RM'000	Total equity attributable to owners of the parent RM'000	Non-controlling interest RM'000	Total equity RM'000
Balance at 1 January 2024		86,407	(541)	111,119	196,985	1,687	198,672
Profit after taxation representing total comprehensive income for the financial year		-	-	5,639	5,639	72	5,711
		86,407	(541)	116,758	202,624	1,759	204,383
Contributions by and distributions to owners of the Company:							
- Dividends:							
- by the Company	32	-	-	(1,483)	(1,483)	-	(1,483)
Balance at 31 December 2024		86,407	(541)	115,275	201,141	1,759	202,900
Balance at 1 January 2023		86,407	(541)	105,294	191,160	1,804	192,964
Profit after taxation representing total comprehensive income for the financial year		-	-	6,567	6,567	(50)	6,517
		86,407	(541)	111,861	197,727	1,754	199,481
Contributions by and distributions to owners of the Company:							
- Dividends:							
- by the Company	32	-	-	(742)	(742)	-	(742)
- by subsidiary to non-controlling interest		-	-	-	-	(67)	(67)
		-	-	(742)	(742)	(67)	(809)
Balance at 31 December 2023		86,407	(541)	111,119	196,985	1,687	198,672

The annexed notes form an integral part of these financial statements.

Statements of Changes in Equity

For the financial year ended 31 December 2024 (continued)

The Company	Note	Share capital RM'000	Treasury shares RM'000	Distributable Retained earnings RM'000	Total equity RM'000
Balance at 1 January 2023		86,407	(541)	15,526	101,392
Profit after taxation representing total comprehensive income for the financial year		-	-	289	289
Dividend	32	-	-	(742)	(742)
Balance at 31 December 2023/1 January 2024		86,407	(541)	15,073	100,939
Profit after taxation representing total comprehensive income for the financial year		-	-	173	173
Dividend	32	-	-	(1,483)	(1,483)
Balance at 31 December 2024		86,407	(541)	13,763	99,629

The annexed notes form an integral part of these financial statements.

Statements of Cash Flows

For the financial year ended 31 December 2024

	The Group		The Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Operating activities				
Profit before taxation	7,779	7,578	201	294
Adjustments for:				
Depreciation of property, plant and equipment	14,005	14,243	-	-
Depreciation of investment properties	41	-	-	-
Depreciation of right-of-use assets	1,467	1,326	-	-
Effect of changes on lease termination	(3)	(1)	-	-
Fair value changes on derivatives	34	(43)	-	-
Gain on disposal of property, plant and equipment	(610)	(134)	-	-
(Reversal of inventories previously written down)/Inventories written down	(199)	147	-	-
Impairment losses on investment in a subsidiary	-	-	984	592
Impairment losses on property, plant and equipment	337	-	-	-
Net impairment losses on trade receivables	150	675	-	-
Unrealised loss/(gain) on foreign exchange	13	(6)	-	-
Other interest expense	2,768	2,519	-	-
Interest expense on lease liabilities	35	56	-	-
Interest income	(1,524)	(1,013)	(90)	(83)
	16,514	17,769	894	509
Operating profit before working capital changes	24,293	25,347	1,095	803
Decrease in inventories and right of return assets	3,596	9,365	-	-
(Increase)/Decrease in trade and other receivables	(5,565)	6,604	19	(58)
Increase in property development costs	(11,084)	-	-	-
Increase/(Decrease) in refund liabilities	37	(164)	-	-
Increase in trade and other payables	1,212	4,121	1	5
	(11,804)	19,926	20	(53)
Cash from operations	12,489	45,273	1,115	750
Income tax paid	(2,004)	(1,779)	(22)	(8)
Income tax refunded	793	275	-	-
Net cash from operating activities	11,278	43,769	1,093	742

The annexed notes form an integral part of these financial statements.

Statements of Cash Flows

For the financial year ended 31 December 2024 (continued)

		The Group		The Company	
		2024	2023	2024	2023
	Note	RM'000	RM'000	RM'000	RM'000
Cash flows (for)/from investing activities					
Purchase of property, plant and equipment	33(a)	(22,296)	(8,198)	-	-
Purchase of right-of-use asset	33(b)	-	(741)	-	-
Property development costs paid		(16,713)	-	-	-
Deposits paid for acquisition of land		-	(4,436)	-	-
Interest received		1,524	1,013	90	83
Proceeds from disposal of property, plant and equipment		1,065	151	-	-
Additions to pledged fixed deposits		(83)	(93)	(50)	(62)
Additions to fixed deposits with tenure more than 3 months		(31)	(24)	(31)	(24)
Net cash (for)/from investing activities		(36,534)	(12,328)	9	(3)
Cash flow from/(for) financing activities					
Interest paid	33(e)	(3,593)	(2,575)	-	-
Dividends paid		(1,483)	(742)	(1,483)	(742)
Dividend paid to non-controlling interest		-	(67)	-	-
Proceeds from term loans	33(e)	30,502	1,105	-	-
Net proceeds from/(repayments of) bankers' acceptances	33(e)	7,128	(12,034)	-	-
Repayments of term loans	33(e)	(1,555)	(1,153)	-	-
Repayments of lease liabilities	33(e)	(1,147)	(994)	-	-
Net (repayments of)/proceeds from charge card	33(e)	(157)	222	-	-
Repayments of hire purchase payables	33(e)	(1,984)	(1,452)	-	-
Net cash from/(for) financing activities		27,711	(17,690)	(1,483)	(742)
Net increase/(decrease) in cash and cash equivalents		2,455	13,751	(381)	(3)
Effects of foreign exchange translation on cash and cash equivalents		(13)	6	-	-
Cash and cash equivalents at beginning of the financial year		59,099	45,342	445	448
Cash and cash equivalents at end of the financial year	33(c)	61,541	59,099	64	445

The annexed notes form an integral part of these financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2024

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office and principal place of business are as follows:-

Registered office	: No. 60-1, Jalan Lagenda 5, Taman 1 Lagenda 75400 Melaka
Principal place of business	: No. 8998, Kawasan Perindustrian Peringkat IV Batu Berendam, 75350 Melaka

The financial statements comprise both separate and consolidated financial statements. The financial statements of the Company are separate financial statements, while the financial statements of the Group are consolidated financial statements that include those of the Company and its subsidiaries as of the end of the reporting period. The Company and its subsidiaries are collectively referred to as "the Group".

The financial statements of the Company and of the Group are presented in Ringgit Malaysia (“RM”), which is the Company’s functional and presentation currency and has been rounded to the nearest thousand, unless otherwise stated.

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 16 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 18 April 2025.

2. Holding company

The holding company is Intisari Delima Sdn. Bhd., a company incorporated in Malaysia.

3. Basis of preparation

The financial statements of the Group and of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under material accounting policy information, and in compliance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

3.1 During the current financial year, the Group and the Company have adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 16: Lease Liability in a Sale and Leaseback
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current
Amendments to MFRS 101: Non-current Liabilities with Covenants
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements

3. Basis of preparation (continued)

3.1 During the current financial year, the Group and the Company have adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any) (continued):-

The adoption of the above accounting standards and interpretations (including the consequential amendments, if any) did not have any material impact on the financial statements of the Group and of the Company.

3.2 The Group and the Company have not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 9 and MFRS 7: Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to MFRS 9 and MFRS 7: Contracts Referencing Nature-dependent Electricity	1 January 2026
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025
Annual Improvements to MFRS Accounting Standards – Volume 11	1 January 2026

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group and of the Company upon their initial application.

4. Material accounting policy information

4.1 Critical accounting estimates and judgements

Key sources of estimation uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Depreciation of property, plant and equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

4. **Material accounting policy information (continued)**

4.1 Critical accounting estimates and judgements (continued)

Key sources of estimation uncertainty (continued)

(b) Impairment of goodwill

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(c) Write-down of inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(d) Impairment of trade receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables.

(e) Impairment of property, plant and equipment and right-of-use assets

The Group determines whether an item of its property, plant and equipment and right-of-use assets is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates.

(f) Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognise tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made.

4. Material accounting policy information (continued)

4.1 Critical accounting estimates and judgements (continued)

Key sources of estimation uncertainty (continued)

(g) Estimating variable consideration for returns and discounts

The Group estimates variable considerations to be included in the transaction price for the sale of goods with right of returns and discounts.

The Group developed a statistical model for forecasting sales returns and discounts. The model used the historical return and discount data of each product to come up with expected return and discount percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return and discount percentages estimated by the Group.

The Group updates its assessment of expected returns and discounts annually and the refund liabilities are adjusted accordingly. Estimates of expected returns and discounts are sensitive to changes in circumstances and the Group's past experience regarding returns and discounts entitlements may not be representative of customers' actual returns entitlements in the future.

(h) Revenue and cost recognition of property development activities

The Group recognises property development revenue as and when the control of the asset is transferred to a customer and it is probable that the Group will collect the consideration to which it will be entitled. The control of the asset may transfer over time or at a point in time depending on the terms of the contract with the customer and the applicable laws governing the contract.

When the control of the asset is transferred over time, the Group recognises property development revenue and costs by reference to the progress towards complete satisfaction of the performance obligation at the end of the reporting period. Significant judgement is required in determining the completeness and accuracy of the budgets and the extent of the costs incurred. Substantial changes in property development cost estimates in the future can have a significant effect on the Group's results. In making the judgement, the Group evaluates and relies on past experience and works of specialists.

Critical judgements made in applying accounting policies

Management believes that there are no instances of application of critical judgement in applying the accounting policies of the Group which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

(a) Classification between investment properties and owner-occupied properties

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

4. Material accounting policy information (continued)

4.1 Critical accounting estimates and judgements (continued)

Critical judgements made in applying accounting policies (continued)

(b) Lease terms

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

4.2 Financial instruments

(a) Financial assets

Financial assets through profit or loss

The financial assets are initially measured at fair value. Subsequent to the initial recognition, the financial assets are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss. The fair value changes do not include interest and dividend income.

Financial assets at amortised cost

The financial assets are initially measured at fair value plus transaction costs except for trade receivables without significant financing component which are measured at transaction price only. Subsequent to the initial recognition, all financial assets are measured at amortised cost less any impairment losses.

(b) Financial liabilities

Financial liabilities at amortised cost

The financial liabilities are initially measured at fair value less transaction costs. Subsequent to the initial recognition, the financial liabilities are measured at amortised cost.

(c) Equity

Ordinary shares

Ordinary shares are recorded on initial recognition at the proceeds received less directly attributable transaction costs incurred. The ordinary shares are not remeasured subsequently.

Treasury shares

Treasury shares are recorded on initial recognition at the consideration paid less directly attributable transaction costs incurred. The treasury shares are not remeasured subsequently.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the treasury shares. If such shares are issued by resale, any difference between the sales consideration received and the carrying amount of the treasury shares is recognised in equity. Where treasury shares are cancelled, their carrying amounts are shown as a movement in retained profits.

Notes to the Financial Statements
For the financial year ended 31 December 2024

4. Material accounting policy information (continued)

4.2 Financial instruments (continued)

(d) Derivatives

Derivatives are initially measured at fair value. Subsequent to the initial recognition, the derivatives are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss.

(e) Financial guarantee contracts

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to the initial recognition, the financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the reimbursement is recognised as a liability and measured at the higher of the amount of loss allowance determined using the expected credit loss model and the amount of financial guarantee initially recognised less cumulative amortisation.

4.3 Goodwill

Goodwill is initially measured at cost. Subsequent to the initial recognition, the goodwill is measured at cost less accumulated impairment losses, if any. A bargain purchase gain is recognised in profit or loss immediately.

4.4 Investments in subsidiaries

Investments in subsidiaries, which are eliminated on consolidation, are stated in the financial statements of the Company at cost less impairment losses, if any.

4.5 Property, plant and equipment

All items of property, plant and equipment are initially measured at cost.

Subsequent to the initial recognition, all property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land is not depreciated. Depreciation on other property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over the estimated useful lives. The principal annual depreciation rates are:-

Factory buildings	20 to 60 years
Plant and machinery	5 to 20 years
Other assets	5 to 10 years

Asset-in-progress represent production machinery under installation and other assets under installation. They are not depreciated until such time when the asset is available for use.

4. Material accounting policy information (continued)

4.6 Investment properties

Investment properties are initially measured at cost. Subsequent to the initial recognition, the investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land is not depreciated. Depreciation on other investment properties is calculated using the straight-line method to allocate the depreciable amounts over the estimated useful lives. The principal annual depreciation period is 50 years.

4.7 Right-of-use assets and lease liabilities

(a) Short-term leases and leases of low-value assets

The Group applies the “short-term lease” and “lease of low-value assets” recognition exemption. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more appropriate.

(b) Right-of-use assets

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

The right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the estimated useful lives of the right-of-use assets or the end of the lease term.

(c) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the entities’ incremental borrowing rate. Subsequent to the initial recognition, the lease liabilities are measured at amortised cost and adjusted for any lease reassessment or modifications.

4.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method and comprises all costs of purchase, cost of conversion plus other costs incurred in bringing the inventories to their present location and condition. The cost of conversion includes cost directly related to the units of production, and a proportion of fixed production overheads based on the normal capacity of the production facilities.

Notes to the Financial Statements
For the financial year ended 31 December 2024

4. Material accounting policy information (continued)

4.9 Property development costs

(a) Land held for future development

Land held for future development is stated at the lower of cost and, net realisable value. Costs comprises cost associated to the purchase of land, an appropriate proportion of common infrastructure costs and borrowing costs capitalised.

Land held for future development is transferred to property development cost category when development activities have commenced and are expected to be completed within the normal operating cycle.

(b) Property under development for sale

Property development costs are stated at the lower of cost and net realisable value. The cost comprises specifically identified cost, including land cost associated to the purchase of land, aggregate cost of development, materials and supplies, wages, other direct expenses, an appropriate proportion of common infrastructure costs and borrowing costs capitalised less cumulative amounts recognised as expense in profit or loss.

The property development costs of unsold units are transferred to inventories once the development is completed.

4.10 Revenue from contracts with customers

Revenue from contracts with customers is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer net of sales and service tax, returns, rebates and discounts. The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

(a) Sale of goods

Revenue is recognised at a point in time when the goods have been delivered to the customer and upon its acceptance, and it is probable that the Group will collect the considerations to which it would be entitled to in exchange for the goods sold.

(b) Transportation fees

Transportation fees are recognised when services are rendered.

5. Revenue

	The Group		The Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Revenue from contracts with customers:				
Recognised at a point in time				
Sale of goods	296,613	277,839	-	-
Transportation fees	423	583	-	-
Revenue from other sources:				
Dividend income from subsidiaries	-	-	1,748	1,271
	297,036	278,422	1,748	1,271

(a) The information on the disaggregation of revenue are disclosed below:

	The Group			
	Corrugated board and carton RM'000	Paper stationery product RM'000	Transportation services RM'000	Total RM'000
2024				
Revenue recognised at a point in time				
Paper industry	64,012	20,918	-	84,930
Furniture, rubber, hardware and steel	74,387	-	-	74,387
Food based and beverage	68,745	-	-	68,745
Electronic and electrical	26,250	-	-	26,250
Others	42,301	-	423	42,724
	275,695	20,918	423	297,036
2023				
Revenue recognised at a point in time				
Paper industry	58,301	20,111	-	78,412
Furniture, rubber, hardware and steel	67,775	-	-	67,775
Food based and beverage	70,243	-	-	70,243
Electronic and electrical	26,258	-	-	26,258
Others	35,151	-	583	35,734
	257,728	20,111	583	278,422

(b) The information on the disaggregation of revenue by geographical market is disclosed in Note 37 to the financial statements.

(c) The information of the revenue from other sources is summarised below:-

Dividend income

Dividend income is recognised when the right to receive dividend payment is established.

Notes to the Financial Statements

For the financial year ended 31 December 2024

6. Other income

	The Group		The Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Effect of changes on lease termination	3	1	-	-
Fair value gain on derivatives	1	43	-	-
Gain on disposal of property, plant and equipment	610	134	-	-
Insurance claims	38	228	-	-
Interest income on financial assets measured at amortised cost:				
- bank balances	1,404	899	2	1
- fixed deposits with licensed banks	120	114	88	82
Gain on foreign exchange:				
- realised	99	137	-	-
- unrealised	-	6	-	-
Sales of scrap materials	437	340	-	-
Lease income:				
- right-of-use assets	310	139	-	-
Wages subsidy received	-	4	-	-
Miscellaneous	790	242	-	-
	3,812	2,287	90	83

7. Finance costs

	The Group	
	2024 RM'000	2023 RM'000
Bankers' acceptance commission	434	374
Commitment fee	1	1
Interest expense on financial liabilities that are not at fair value through profit or loss:		
- bank overdrafts interest	75	70
- bankers' acceptances interest	1,873	1,649
- term loans interest	635	580
- hire purchase interest	185	220
Interest expense on lease liabilities (Note 27)	35	56
	3,238	2,950

8. Net impairment losses on financial assets

	The Group	
	2024 RM'000	2023 RM'000
Impairment losses on trade receivables (Note 21)	650	863
Reversal of impairment losses on trade receivables (Note 21)	(500)	(188)
	150	675

9. Profit before taxation

	The Group		The Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Profit before taxation is arrived at after charging/(crediting):-				
Auditors' remuneration:				
- audit fees				
- auditor of the Company				
- current financial year	230	228	45	45
- other auditors				
- Underprovision in the previous financial year	-	3	-	-
- non-audit fees				
- auditor of the Company	5	5	5	5
- member firm of auditors of the Company	68	109	5	10
- other auditors	-	13	-	-
Depreciation:				
- property, plant and equipment (Note 13)	14,005	14,243	-	-
- investment properties (Note 14)	41	-	-	-
- right-of-use assets (Note 15)	1,467	1,326	-	-
Directors' remuneration (Note 35(a))	4,359	3,915	264	219
Employee benefits expense (Note 10)	38,500	34,827	-	-
Fair value changes on derivatives	35	-	-	-
Impairment losses:				
- investment in a subsidiary	-	-	984	592
- property, plant and equipment (Note 13)	337	-	-	-
(Reversal of inventories previously written down)/Inventories written down (Note 19)	(199)	147	-	-
Lease expense:				
- short-term lease	694	667	-	-
- low-value assets	62	41	-	-
Loss on foreign exchange:				
- realised	187	36	-	-
- unrealised	13	-	-	-

10. Employee benefits expense

	The Group	
	2024	2023
	RM'000	RM'000
Short-term employee benefits	35,153	31,543
Defined contributions benefits	2,734	2,658
Other benefits	613	626
Total employee benefits expense (Note 9)	38,500	34,827

Included in employee benefits expense of the Group are key management personnel compensation amounting to RM857,000 (2023 - RM1,031,000) as further disclosed in Note 35(b) to the financial statements.

11. Income tax expense

	The Group		The Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Current tax expense	1,310	1,850	17	5
Under/(Over)provision in the previous financial year	324	(400)	11	-
	1,634	1,450	28	5
Deferred tax (Note 28):				
- origination and reversal of temporary differences	296	(288)	-	-
- under/(over)provision in the previous financial year	138	(101)	-	-
	434	(389)	-	-
Total income tax expense	2,068	1,061	28	5

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11. Income tax expense (continued)

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	The Group		The Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Profit before taxation	7,779	7,578	201	294
Tax at the statutory tax rate of 24% (2023 - 24%)	1,867	1,819	48	71
Tax effects of:				
Non-deductible expenses	552	416	388	239
Non-taxable income	-	(8)	(419)	(305)
Deferred tax assets not recognised during the financial year	388	303	-	-
Utilisation of tax incentives	(1,201)	(968)	-	-
Under/(Over)provision of current tax in the previous financial year	324	(400)	11	-
Under/(Over)provision of deferred taxation in the previous financial year	138	(101)	-	-
	2,068	1,061	28	5

At the end of the reporting period, the Group has unabsorbed capital allowances and unused tax losses which are available for offset against future taxable income as follows:-

	The Group	
	2024 RM'000	2023* RM'000
Unused tax losses		
- expires year of assessment 2028	367	367
- expires year of assessment 2030	483	483
- expires year of assessment 2031	1,190	1,190
- expires year of assessment 2033	848	848
- expires year of assessment 2034	550	-
Unabsorbed capital allowances	4,780	3,722
	8,218	6,610

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11. Income tax expense (continued)

At the end of the reporting period, the amounts of deferred tax assets not recognised (stated at gross) due to uncertainty of their realisation are as follows:-

	The Group	
	2024	2023*
	RM'000	RM'000
Unabsorbed capital allowances	4,359	2,904
Unused tax losses	3,438	2,888
Other temporary differences	3,902	4,289
	11,699	10,081

* Certain comparative figures have been restated to reflect the revised tax losses carry-forward and other temporary differences available to the Group.

Based on the current legislation, the unused tax losses up to the year of assessment 2018 can be carried forward until the year of assessment 2028 and the unused tax losses for 2019 onwards are allowed to be utilised for 10 consecutive years of assessment immediately following that year of assessment; whereas, the unabsorbed capital allowances are allowed to be carried forward indefinitely.

12. Earnings per share

	The Group	
	2024	2023
Profit attributable to owners of the parent (RM'000)	5,639	6,567
Weighted average number of ordinary shares in issue ('000)*	74,153	74,153
Basic earnings per share (sen)	7.6	8.9
Diluted earnings per share (sen) #	7.6	8.9

* The weighted average number of shares takes into account the weighted average effect of treasury shares.

The Company has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

13. Property, plant and equipment

The Group 2024	At 1.1.2024 RM'000	Additions (Note 33(a)) RM'000	Disposals RM'000	Reclassification RM'000	Transfer to investment properties (Note 14) RM'000	Impairment losses (Note 9) RM'000	Depreciation charges (Note 9) RM'000	At 31.12.2024 RM'000
Carrying amount								
Freehold land	2,712	-	-	-	(2,712)	-	-	-
Factory buildings	35,262	803	-	-	(2,638)	-	(1,341)	32,086
Plant and machinery	54,831	18,238	(455)	1,858	-	(337)	(11,041)	63,094
Other assets	6,029	1,206	-	-	-	-	(1,623)	5,612
Assets-in-progress	1,962	2,111	-	(1,858)	-	-	-	2,215
	100,796	22,358	(455)	-	(5,350)	(337)	(14,005)	103,007

The Group 2023	At 1.1.2023 RM'000	Additions (Note 33(a)) RM'000	Disposals RM'000	Reclassification RM'000	Depreciation charges (Note 9) RM'000	At 31.12.2023 RM'000
Carrying amount						
Freehold land	2,712	-	-	-	-	2,712
Factory buildings	34,816	1,755	-	185	(1,494)	35,262
Plant and machinery	49,759	4,649	-	11,548	(11,125)	54,831
Other assets	6,315	1,355	(17)	-	(1,624)	6,029
Assets-in-progress	11,660	2,035	-	(11,733)	-	1,962
	105,262	9,794	(17)	-	(14,243)	100,796

13. Property, plant and equipment (continued)

The Group	At cost RM'000	Accumulated depreciation RM'000	Accumulated impairment losses RM'000	Carrying amount RM'000
2024				
Factory buildings	58,826	(26,740)	-	32,086
Plant and machinery	205,194	(137,959)	(4,141)	63,094
Other assets	21,332	(15,720)	-	5,612
Assets-in-progress	2,215	-	-	2,215
	287,567	(180,419)	(4,141)	103,007
2023				
Freehold land	2,712	-	-	2,712
Factory buildings	60,735	(25,473)	-	35,262
Plant and machinery	189,868	(131,233)	(3,804)	54,831
Other assets	20,623	(14,594)	-	6,029
Assets-in-progress	1,962	-	-	1,962
	275,900	(171,300)	(3,804)	100,796

(a) The carrying amount of property, plant and equipment of the Group pledged to licensed banks as securities for banking facilities granted to the Group as disclosed in Note 26 to the financial statements are as follows:-

	The Group	
Carrying amount	2024 RM'000	2023 RM'000
Freehold land	-	2,712
Factory buildings	30,217	33,942
Plant and machinery	1,596	2,622
	31,813	39,276

(b) Included in the property, plant and equipment of the Group were plant and machinery and motor vehicles held under hire purchase arrangements with a total carrying amount of RM4,857,000 and RM877,000 (2023 - RM6,358,000 and RM1,182,000) respectively. These assets have had been pledged as security for the hire purchase payables of the Group as disclosed in Note 26 to the financial statements.

(c) Other assets comprise motor vehicles, office equipment, furniture and fittings, electrical installations, fire fighting equipment, signboard, tools and utensils, office renovation, waste water treatment equipment, staff quarter and solar photavataic system.

13. Property, plant and equipment (continued)

(d) During the financial year, the Group has reassessed its estimated recoverable amount of its production equipment and there is an additional impairment loss of RM337,000 (2023 - RM Nil), representing the write-down of the equipment to the recoverable amount was recognised in "Other Expenses" line item of the consolidated statement of profit or loss and other comprehensive income as disclosed in Note 9 to the financial statements. The recoverable amount was based on its fair value less costs to sell and its value in use and the pre-tax discount rate used was 7.50% (2023 - Nil).

(e) Property, plant and equipment of certain subsidiaries are subject to negative pledge to certain financial institutions.

14. Investment properties

	The Group	
	2024 RM'000	2023 RM'000
Cost:-		
At 1 January	-	-
Transfer from property, plant and equipment (Note 13)	5,424	-
At 31 December	5,424	-
Accumulated depreciation:-		
At 1 January	-	-
Depreciation during the financial year (Note 9)	(41)	-
Transfer from property, plant and equipment (Note 13)	(74)	-
At 31 December	(115)	-
	5,309	-
Represented by:-		
Freehold land	2,712	-
Factory buildings	2,597	-
At 31 December	5,309	-
Fair value	5,870	-

The freehold land and factory buildings have been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 26 to the financial statements.

The fair values of the investment properties are within level 2 of the fair value hierarchy and are arrived at by reference to market evidence of transaction prices for similar properties and are performed by registered valuers having appropriate recognised professional qualification and recent experience in the locations and category of properties being valued. The most significant input in this valuation approach is the price per square foot of comparable properties. Adjustments are then made for differences in location, size, facilities available, market conditions and other factors in order to arrive at a common basis.

15. Right-of-use assets

The Group	At 1.1.2024 RM'000	Additions (Note 33(b)) RM'000	Derecognition due to lease termination RM'000	Reassessment /Modification of lease liabilities RM'000	Depreciation charges (Note 9) RM'000	At 31.12.2024 RM'000
2024						
Carrying amount						
Leasehold land	16,666	-	-	-	(332)	16,334
Factory building	530	-	-	1,426	(639)	1,317
Hostels	688	345	(67)	183	(496)	653
	17,884	345	(67)	1,609	(1,467)	18,304

The Group	At 1.1.2023 RM'000	Additions (Note 33(b)) RM'000	Derecognition due to lease termination RM'000	Reassessment /Modification of lease liabilities RM'000	Depreciation charges (Note 9) RM'000	At 31.12.2023 RM'000
2023						
Carrying amount						
Leasehold land	16,247	741	-	-	(322)	16,666
Factory building	1,119	-	-	25	(614)	530
Hostels	611	408	(30)	89	(390)	688
	17,977	1,149	(30)	114	(1,326)	17,884

15. Right-of-use assets (continued)

(a) The Group leases certain pieces of leasehold land, a factory building and various hostels of which the leasing activities are summarised as below:-

(i)	Leasehold land	The Group has entered into a number of non-cancellable operating lease agreement for the use of land. The leases are for a period ranges between 60 to 99 (2023 - 60 to 99) years.
(ii)	Factory building	The Group has leased a factory building that run for a period of 1 (2023 - 1) year, with an option to renew the lease after that date.
(iii)	Hostels	The Group has leased a number of hostels that run between 1 to 5 (2023 - 1 to 5) years, with an option to renew the lease after that date.

(b) The leasehold land are pledged to licensed banks as securities for banking facilities granted to the Group as disclosed in Note 26 to the financial statements.

(c) The Group also has leases with term of 12 months or less and leases of office equipment with low value. The Group has applied the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

16. Investments in subsidiaries

	The Company	
	2024	**2023**
	RM'000	**RM'000**
Unquoted shares, at cost	103,659	103,659
Accumulated impairment losses	(8,527)	(7,543)
	95,132	96,116
Accumulated impairment losses:-		
At 1 January	7,543	6,951
Addition during the financial year	984	592
At 31 December	8,527	7,543

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16. Investment in subsidiaries (continued)

The details of the subsidiaries are as follows:-

Name of subsidiary	Principal place of business and country of incorporation	Percentage of issued share capital held by parent 2024	2023	Principal activities
Subsidiaries of the Company				
Ornapaper Industry (M) Sdn. Bhd.	Malaysia	100%	100%	(i) Manufacturing and sale of corrugated boards and carton boxes; and (ii) Property development and property investment
Ornapaper Industry (Batu Pahat) Sdn. Bhd.	Malaysia	100%	100%	Manufacturing and sale of corrugated boards and carton boxes
Ornapaper Industry (Perak) Sdn. Bhd.	Malaysia	100%	100%	Manufacturing and sale of corrugated boards and carton boxes
Quantum Rhythm Sdn. Bhd.	Malaysia	100%	100%	Manufacturing of paper-based stationery products
Tripack Packaging (M) Sdn. Bhd.	Malaysia	100%	100%	Manufacturing and sale of carton boxes
Ornapaper Industry (Johor) Sdn. Bhd.	Malaysia	80%	80%	Manufacturing and sale of carton boxes
Subsidiary of Ornapaper Industry (M) Sdn. Bhd.				
Ornapaper Logistics Sdn. Bhd.	Malaysia	100%	100%	Transportation services

16. Investment in subsidiaries (continued)

(a) During the financial year, the Company has reassessed its estimated recoverable amount of its investment in a subsidiary as it had been making losses in recent years. An additional impairment loss of RM984,000 (2023 - RM592,000), representing the write-down of the investments to its recoverable amounts, was recognised in "Other Expenses" line item of statement of profit or loss and other comprehensive income.

(b) The non-controlling interest at the end of the reporting period comprises the following:-

	Effective equity interest		The Group	
	2024	**2023**	**2024**	**2023**
	%	**%**	**RM'000**	**RM'000**
Ornapaper Industry (Johor) Sdn. Bhd.	20	20	1,759	1,687

(c) Summarised financial information of non-controlling interests has not been presented as the non-controlling interest of the subsidiary is not individually material to the Group.

17. Goodwill

	The Group	
	2024	**2023**
	RM'000	**RM'000**
At cost:-		
At 1 January/31 December	1,633	1,633

(a) The carrying amount of goodwill allocated to each cash-generating unit are as follows:-

	The Group	
	2024	**2023**
	RM'000	**RM'000**
Ornapaper Industry (Perak) Sdn. Bhd. ("OIP")	1,574	1,574
Ornapaper Industry (Johor) Sdn. Bhd. ("OIJ")	59	59
	1,633	1,633

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17. Goodwill (continued)

(b) The Group has assessed the recoverable amounts of goodwill allocated and determined that no impairment is required. The recoverable amounts of the cash-generating units are determined using the value in use approach, and this is derived from the present value of the future cash flows from each cash-generating unit computed based on the projections of financial budgets approved by management covering a period of 5 years. The key assumptions used in the determination of the recoverable amounts are as follows:-

	OIP		OIJ	
	2024	**2023**	**2024**	**2023**
Budgeted gross margins	11%	13%	13%	11%
Discount rates (pre-tax)	8%	7%	8%	7%

(i) Budgeted gross margins — The budgeted gross margin is determined based on value achieved in the immediate year before the beginning of the budget period.

(ii) Discount rates (pre-tax) — The rate reflects specific risks relating to the relevant cash-generating unit.

The values assigned to the key assumptions represent management's assessment of future trends in the cash-generating units and are based on both external sources and internal historical data.

(c) Management believes that there is no reasonably possible change in the above key assumptions applied that is likely to materially cause the respective cash-generating unit carrying amount to exceed its recoverable amount.

18. Property development costs

		The Group	
		2024	**2023**
	Note	**RM'000**	**RM'000**
Non-current			
Land held for future development	18(a)	19,970	-
Current			
Properties under development for sale	18(b)	13,053	-

Included in the development costs are interests on borrowings capitalised during the financial year of RM790,000 (2023 - RM Nil).

All the development properties have been pledged to licensed banks as securities for banking facilities granted to the Company as disclosed in Note 26 to the financial statements.

18. Property development costs (continued)

(a) Land held for future development

	The Group	
	2024	2023
	RM'000	RM'000
Land, at cost		
At 1 January	-	-
Costs incurred during the year	19,340	-
At 31 December	19,340	-
Development costs		
At 1 January	-	-
Costs incurred during the year	630	-
At 31 December	630	-
Cumulative cost	19,970	-

(b) Properties under development for sale

	The Group	
	2024	2023
	RM'000	RM'000
Land, at cost		
At 1 January	-	-
Costs incurred during the year	12,772	-
At 31 December	12,772	-
Development costs		
At 1 January	-	-
Costs incurred during the year	281	-
At 31 December	281	-
Cumulative cost	13,053	-

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19. Inventories

	The Group	
	2024	2023
	RM'000	RM'000
Raw materials and consumables	38,447	41,271
Work-in-progress	1,214	1,941
Finished goods	6,927	7,487
Goods-in-transit	1,759	1,244
	48,347	51,943
Allowance for impairment losses	(769)	(968)
	47,578	50,975
Allowance for impairment losses:-		
At 1 January	968	821
Addition during the financial year (Note 9)	-	147
Reversal during the financial year (Note 9)	(199)	-
At 31 December	769	968
Recognised in profit or loss:-		
Inventories recognised as cost of sales	259,883	242,150
(Reversal of inventories previously written down)/Inventories written down	(199)	147

20. Right of return assets/(Refund liabilities)

	The Group	
	2024	2023
	RM'000	RM'000
Right of return assets	56	56
Refund liabilities		
- arising from right of return assets	(54)	(54)
- arising from discounts	(389)	(352)
	(443)	(406)

A right of return assets and the corresponding refund liabilities are recognised in relation to finished goods sold. These are measured by reference to the carrying amounts of finished goods sold less any expected costs to recover those inventories and any potential decrease in value.

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21. Trade receivables

	The Group	
	2024	2023
	RM'000	RM'000
Third parties	63,322	56,608
Companies in which a director has substantial financial interest	3,664	4,424
Companies in which close family members of certain directors have substantial financial interests	115	23
A company in which close family members of certain directors have significant influence	-	3
	67,101	61,058
Allowance for impairment losses	(1,988)	(2,323)
	65,113	58,735
Allowance for impairment losses:-		
At 1 January	2,323	1,663
Addition during the financial year (Note 8)	650	863
Reversal during the financial year (Note 8)	(500)	(188)
Written off during the financial year	(485)	(15)
At 31 December	1,988	2,323

The Group's normal trade credit terms range from 30 to 150 (2023 - 30 to 150) days.

22. Other receivables, deposits and prepayments

	The Group		The Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Other receivables:-				
Third parties	214	173	-	9
Interest receivable	17	1	15	-
Payments to supplier of property, plant and equipment	2,616	2,166	-	-
Dividend receivables	-	-	974	1,000
GST receivables	2	3	2	2
	2,849	2,343	991	1,011
Deposits paid for acquisition of land	-	4,436	-	-
Sundry deposits	531	502	2	2
Prepayments	1,160	2,208	1	-
	4,540	9,489	994	1,013

23. Derivative assets

	Contract/Notional Amount		The Group	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Derivative assets				
Forward currency contracts	1,091	2,965	3	37

The Group does not apply hedge accounting.

Forward currency contracts are used to hedge the Group's purchases denominated in United States Dollar (USD) for which firm commitments existed at the end of the reporting period. The settlement dates of the forward currency contracts range between 1 to 3 (2023 - 1 to 3) months after the end of the reporting period.

24. Fixed deposits with licensed banks

(a) The fixed deposits with licensed banks of the Group and of the Company at the end of the reporting period bore effective interest rates ranging from 2.30% to 2.80% (2023 - 2.30% to 2.80%) per annum and 2.45% to 2.50% (2023 - 2.50% to 2.75%) per annum respectively. The fixed deposits have maturity periods ranging from 5 to 12 (2023 - 5 to 12) months for the Group and the Company respectively.

(b) Included in the fixed deposits with licensed banks of the Group and of the Company at the end of the reporting period was an amount of RM3,512,000 (2023 - RM3,429,000) and RM2,234,000 (2023 - RM2,184,000) respectively, which have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Notes 26 and 31 to the financial statements.

25. Share capital and treasury shares

(a) Share capital

	The Group/The Company			
	2024	2023	2024	2023
	Number of ordinary shares		Amount	
	'000	'000	RM'000	RM'000
Issued and fully paid-up				
Ordinary shares				
At 1 January/31 December	75,251	75,251	86,407	86,407

25. Share capital and treasury shares (continued)

(a) Share capital (continued)

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

(b) Treasury shares

This amount relates to the acquisition cost of treasury shares net of the proceeds received on their subsequent sale or issuance.

Of the total 75,250,601 (2023 - 75,250,601) issued and fully paid-up ordinary shares as at the end of the reporting period, 1,098,445 (2023 - 1,098,445) ordinary shares are held as treasury shares by the Company. None of the treasury shares were resold during the financial year.

Treasury shares have no rights to voting, dividends and participation in any other distribution. Treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes including substantial shareholding, take-overs, notices, the requisition of meeting, the quorum for a meeting and the result of a vote on a resolution at a meeting.

26. Loans and borrowings

	The Group	
	2024	2023
	RM'000	RM'000
Current		
Secured:		
Bankers' acceptances	54,722	47,594
Charge card	181	338
Term loans	1,769	727
Hire purchase payables	936	1,235
	57,608	49,894
Non-current		
Secured:		
Term loans	39,960	12,055
Hire purchase payables	1,052	2,629
	41,012	14,684

26. Loans and borrowings (continued)

	The Group 2024 RM'000	The Group 2023 RM'000
Total loans and borrowings		
Bankers' acceptances	54,722	47,594
Charge card	181	338
Term loans	41,729	12,782
Hire purchase payables	1,988	3,864
	98,620	64,578

The weighted average effective interest rates per annum at the end of the reporting period of loans and borrowings were as follows:-

	Interest Rate	The Group 2024	The Group 2023
Bankers' acceptances	Fixed/Floating	3.55%	3.50%
Term loans	Floating	4.20%	4.58%
Hire purchase payables	Fixed	2.93%	2.92%

Charge card

Late interest is charged at RM50 or 2% (2023 - RM50 or 2%) per month on the overdue balance, whichever is higher.

The loans and borrowings of the Group are secured by the following:-

(i) legal charge of the Group's property, plant and equipment, investment properties and right-of-use assets as disclosed in Notes 13, 14 and 15 to the financial statements;

(ii) pledged of the fixed deposits of the Group and of the Company as disclosed in Note 24 to the financial statements;

(iii) legal charge of all the development properties of the Group as disclosed in Note 18 to the financial statements;

(iv) negative pledge on certain property, plant and equipment of the Group as disclosed in Note 13 to the financial statements;

(v) registered debenture over certain fixed and floating assets of the Group;

(vi) assignment of life assurance policy by a director of the Company; and

(vii) corporate guarantee by the Company.

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27. Lease liabilities

	The Group	
	2024	2023
	RM'000	RM'000
At 1 January	1,246	1,749
Additions (Notes 33(b) and 33(e))	345	408
Interest expense recognised in profit or loss (Note 7)	35	56
Repayment of principal	(1,147)	(994)
Repayment of interest expenses	(35)	(56)
Reassessment/Modification (Note 33(e))	1,609	114
Derecognition due to lease termination (Note 33(e))	(70)	(31)
At 31 December	1,983	1,246
Analysed by:-		
Current liabilities	1,064	914
Non-current liabilities	919	332
	1,983	1,246

28. Deferred tax liabilities

The Group	At 1.1.2024 RM'000	Recognised in profit or loss (Note 11) RM'000	At 31.12.2024 RM'000
2024			
Deferred tax liabilities			
Property, plant and equipment	10,803	481	11,284
Right-of-use assets	149	(16)	133
	10,952	465	11,417
Deferred tax assets			
Lease liabilities	(118)	(3)	(121)
Provisions	(111)	(61)	(172)
Allowance for impairment losses on trade receivables	(290)	(22)	(312)
Inventories written down	(117)	(5)	(122)
Unabsorbed capital allowances	(42)	42	-
Unabsorbed industrial building allowance	(18)	18	-
	(696)	(31)	(727)
	10,256	434	10,690

28. Deferred tax liabilities (continued)

The Group	At 1.1.2023 RM'000	Recognised in profit or loss (Note 11) RM'000	At 31.12.2023 RM'000
2023			
Deferred tax liabilities			
Property, plant and equipment	11,009	(206)	10,803
Right-of-use assets	155	(6)	149
	11,164	(212)	10,952
Deferred tax assets			
Lease liabilities	(124)	6	(118)
Provisions	(157)	46	(111)
Allowance for impairment losses on trade receivables	(126)	(164)	(290)
Inventories written down	(83)	(34)	(117)
Unabsorbed capital allowances	(29)	(13)	(42)
Unabsorbed industrial building allowance	-	(18)	(18)
	(519)	(177)	(696)
	10,645	(389)	10,256

29. Trade payables

	The Group 2024 RM'000	The Group 2023 RM'000
Third parties	17,777	17,976
A company in which a director has substantial financial interest	55	72
Companies in which close family members of certain directors have substantial financial interests	703	134
A company in which close family members of certain directors have significant influence	-	11
	18,535	18,193

The normal trade credit terms granted to the Group range from 30 to 120 (2023 - 30 to 120) days.

30. Other payables and accruals

	The Group		The Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Accruals	7,629	6,886	55	55
Other payables	3,360	3,447	1	-
Sales tax payables	662	550	-	-
Amount payables to suppliers of property, plant and equipment	2,315	1,911	-	-
Deposits received	102	-	-	-
	14,068	12,794	56	55

31. Bank overdrafts

(a) The bank overdrafts of the Group are secured by corporate guarantee of the Company and fixed deposits with licensed banks of the Group and of the Company as disclosed in Note 24 to the financial statements.

(b) The bank overdrafts of the Group at the end of the reporting period bore weighted average effective interest rate of 7.69% (2023 - 7.72%) per annum.

32. Dividends

	The Group/The Company	
	2024	2023
	RM'000	RM'000
Final single tier dividend of approximately 2 sen (2023 - 1 sen) per ordinary share in respect of the previous financial year	1,483	742

The Company declared a final single tier dividend of 2 sen per ordinary share in respect of the current financial year 31 December 2024 to be paid on 20 May 2025 to shareholders whose names appeared in the records of depositors on 6 May 2025. The financial statements for the current financial year do not reflect this dividend. Such dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2025.

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33. Cash flow information

(a) The cash disbursed for the purchase of property, plant and equipment is as follows:-

	The Group	
	2024 RM'000	2023 RM'000
Cost of property, plant and equipment purchased (Note 13)	22,358	9,794
Advance payment to suppliers	450	(1,105)
Under payables for purchase of property, plant and equipment	(404)	614
Acquired through hire purchase arrangements (Note 33(e))	(108)	(1,105)
Cash disbursed for purchase of property, plant and equipment	22,296	8,198

(b) The cash disbursed for the addition of right-of-use assets is as follows:-

	The Group	
	2024 RM'000	2023 RM'000
Cost of right-of-use assets purchased (Note 15)	345	1,149
Additions of new lease liabilities (Notes 27 and 33(e))	(345)	(408)
Cash disbursed for purchase of right-of-use assets	-	741

(c) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Fixed deposits with licensed banks	4,773	4,659	3,495	3,414
Cash and bank balances	62,722	60,751	64	445
Bank overdrafts	(1,181)	(1,652)	-	-
	66,314	63,758	3,559	3,859
Less: Fixed deposits pledged to licensed banks (Note 24)	(3,512)	(3,429)	(2,234)	(2,184)
Fixed deposits with tenure more than 3 months	(1,261)	(1,230)	(1,261)	(1,230)
	61,541	59,099	64	445

(d) The total cash outflows for leases as a lessee are as follows:-

	The Group	
	2024 RM'000	2023 RM'000
Payment of short-term leases	694	667
Payment of low-value assets	62	41
Interest paid on lease liabilities	35	56
Payment of lease liabilities	1,147	994
	1,938	1,758

33. Cash flow information (continued)

(e) The reconciliations of liabilities arising from financing activities are as follows:-

The Group	Bank overdrafts RM'000	Bankers' acceptances RM'000	Charge card RM'000	Term loans RM'000	Lease liabilities RM'000	Hire purchase payables RM'000	Total RM'000
2024							
At 1 January	*	47,594	338	12,782	1,246	3,864	65,824
<u>Changes in financing cash flows</u>							
Proceeds from drawdown	-	-	-	30,502	-	-	30,502
Net proceeds from drawdown	-	7,128	-	-	-	-	7,128
Net repayment of principal	-	-	(157)	-	-	-	(157)
Repayment of principal	-	-	-	(1,555)	(1,147)	(1,984)	(4,686)
Repayment of interests	(75)	(1,873)	-	(1,425)	(35)	(185)	(3,593)
	(75)	5,255	(157)	27,522	(1,182)	(2,169)	29,194
<u>Other changes</u>							
Acquisition of new leases (Notes 27 and 33(b))	-	-	-	-	345	-	345
Acquired under hire purchase (Note 33(a))	-	-	-	-	-	108	108
Interest expenses recognised in profit or loss	75	1,873	-	635	35	185	2,803
Interest expense capitalised in property development costs (Note 18)	-	-	-	790	-	-	790
Reassessment/Modification of leases (Note 27)	-	-	-	-	1,609	-	1,609
Derecognition due to lease termination (Note 27)	-	-	-	-	(70)	-	(70)
	75	1,873	-	1,425	1,919	293	5,585
At 31 December	*	54,722	181	41,729	1,983	1,988	100,603

* Bank overdrafts have formed part of the cash and cash equivalents, therefore, no movement is presented.

33. Cash flow information (continued)

(e) The reconciliations of liabilities arising from financing activities are as follows (continued):-

The Group	**Bank overdrafts RM'000**	**Bankers' acceptances RM'000**	**Charge card RM'000**	**Term loans RM'000**	**Lease liabilities RM'000**	**Hire purchase payables RM'000**	**Total RM'000**
2023							
At 1 January	*	59,628	116	12,830	1,749	4,211	78,534
Changes in financing cash flows							
Proceeds from drawdown	-	-	-	1,105	-	-	1,105
Net proceeds from drawdown	-	-	222	-	-	-	222
Net repayment of principal	-	(12,034)	-	-	-	-	(12,034)
Repayment of principal	-	-	-	(1,153)	(994)	(1,452)	(3,599)
Repayment of interests	(70)	(1,649)	-	(580)	(56)	(220)	(2,575)
	(70)	(13,683)	222	(628)	(1,050)	(1,672)	(16,881)
Other changes							
Acquisition of new leases (Notes 27 and 33(b))	-	-	-	-	408	-	408
Acquired under hire purchase (Note 33(a))	-	-	-	-	-	1,105	1,105
Interest expenses recognised in profit or loss	70	1,649	-	580	56	220	2,575
Reassessment/Modification of leases (Note 27)	-	-	-	-	114	-	114
Derecognition due to lease termination (Note 27)	-	-	-	-	(31)	-	(31)
	70	1,649	-	580	547	1,325	4,171
At 31 December	*	47,594	338	12,782	1,246	3,864	65,824

* Bank overdrafts have formed part of the cash and cash equivalents, therefore, no movement is presented.

Notes to the Financial Statements

For the financial year ended 31 December 2024

34. Related party disclosures

(a) Holding company and subsidiaries

The holding company is disclosed in Note 2 to the financial statements.

The subsidiaries are disclosed in Note 16 to the financial statements.

(b) Significant related party transactions and balances

The Group and the Company carried out the following significant transactions with the related parties during the financial year:-

	The Group		The Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Subsidiaries				
Dividends received from subsidiaries	-	-	(1,748)	(1,271)
Companies in which certain directors have substantial financial interests				
Lease expenses	660	640	-	-
Sales of goods	(9,785)	(10,890)	-	-
Purchase of goods	421	373	-	-
Companies in which close family members of certain directors have substantial financial interest				
Repair and maintenance	6	8	-	-
Sales of goods	(363)	(96)	-	-
Purchase of goods	3,020	3,916	-	-
Purchase of property, plant and equipment	437	637	-	-
A company in which close family members of certain directors have significant influence				
Sales of goods	-	(546)	-	-
Purchase of goods	-	12,033	-	-

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the Notes 21 and 29 to the financial statements.

The related party transactions described above were entered into in the normal course of business carried out based on negotiated terms and conditions and are mutually agreed with respective parties.

35. Key management personnel compensation

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

The key management personnel compensation during the financial year are as follows:-

	The Group		The Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
(a) Directors				
Directors of the Company				
Short-term employee benefits:				
- fees	240	200	240	200
- salaries, bonuses and other benefits	3,025	2,603	24	19
Defined contribution benefits	253	216	-	-
	3,518	3,019	264	219
Directors of the Subsidiaries				
Short-term employee benefits:				
- salaries, bonuses and other benefits	751	808	-	-
Defined contribution benefits	90	88	-	-
	841	896	-	-
Total directors' remuneration (Note 9)	4,359	3,915	264	219

The estimated monetary value of benefits-in-kind provided by the Group to the directors of the Company was approximately RM66,000 (2023 - RM63,000).

(b) Other key management personnel

	The Group		The Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Short-term employee benefits	791	946	-	-
Defined contribution benefits	66	85	-	-
Total compensation for other key management personnel (Note 10)	857	1,031	-	-

36. Capital commitments

	The Group	
	2024	2023
	RM'000	RM'000
Acquisition of land held for property development	-	27,669
Purchase of property, plant and equipment	3,908	9,252
	3,908	36,921

37. Operating segments

In determining the geographical segments of the Group, revenue is based on the country in which the customers are located.

Non-current assets are determined according to the country where these assets are located. The amounts of non-current assets do not include financial instruments and deferred tax assets.

	Revenue		Non-current Assets	
	2024	2023	2024	2023
The Group	RM'000	RM'000	RM'000	RM'000
Malaysia	285,719	270,891	148,223	120,313
Asia	4,811	2,052	-	-
United States of America	6,506	5,479	-	-
	297,036	278,422	148,223	120,313

No other segmental information such as segment assets, liabilities and results is presented as the Group is principally engaged in the manufacturing and sale of corrugated boards and carton boxes and operates in Malaysia only.

There is no single customer that contributed 10% or more to the Group's revenue.

38. Financial instruments

The activities of the Group and of the Company are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group and of the Company.

38.1 Financial risk management policies

The policies in respect of the major areas of treasury activity are as follows:-

(a) Market risk

(i) Foreign currency risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily United States Dollar (“USD”) and Chinese Yuan ("CNY"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. On occassion, the Group enters into forward foreign currency contracts to hedge against its foreign currency risk. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

The exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Notes to the Financial Statements
For the financial year ended 31 December 2024

38. Financial instruments (continued)

38.1 Financial risk management policies (continued)

(a) Market risk (continued)

(i) Foreign currency risk (continued)

Foreign currency exposure

The Group	USD RM'000	CNY RM'000	Total RM'000
2024			
Financial assets			
Trade receivables	1,599	-	1,599
Other receivables	5	-	5
Cash and bank balances	67	-	67
Financial liabilities			
Trade payables	(1,178)	-	(1,178)
Other payables and accruals	(621)	(1,335)	(1,956)
	(128)	(1,335)	(1,463)
2023			
Financial assets			
Trade receivables	1,364	-	1,364
Other receivables	463	15	478
Cash and bank balances	96	-	96
Financial liabilities			
Trade payables	(408)	-	(408)
Other payables and accruals	(1,202)	-	(1,202)
	313	15	328

Foreign currency risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

	The Group 2024 RM'000	The Group 2023 RM'000
Effects on Profit After Taxation		
USD/RM – strengthened by 15% (2023 - 12%)	(15)	29
– weakened by 15% (2023 - 12%)	15	(29)
CNY/RM – strengthened by 12% (2023 - 5%)	(122)	1
– weakened by 12% (2023 - 5%)	122	(1)

38. Financial instruments (continued)

38.1 Financial risk management policies (continued)

(a) Market risk (continued)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group adopts a policy of obtaining the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The fixed rate debt instruments of the Group and of the Company are not subject to interest rate risk since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Notes 26 and 31 to the financial statements.

Interest rate risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	The Group	
	2024	**2023**
	RM'000	**RM'000**
Effects on Profit After Taxation		
Increase of 26 basis points (2023 - 26 basis points)	(172)	(117)
Decrease of 26 basis points (2023 - 26 basis points)	172	117

(iii) Equity price risk

The Group and the Company do not have any quoted investments and hence, are not exposed to equity price risk.

38. Financial instruments (continued)

38.1 Financial risk management policies (continued)

(b) Credit risk

The exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposures to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

Also, the Company's exposure to credit risk includes corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the ability of the subsidiaries to serve their loans on an individual basis.

(i) Credit risk concentration profile

The Group does not have any major concentration of credit risk related to any individual customer or counterparty.

The Group also determines the concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables (including related parties), net of loss allowance, at the end of the reporting period is as follows:-

	The Group	
	2024	**2023**
	RM'000	**RM'000**
Local	63,413	57,259
Foreign	1,700	1,476
	65,113	58,735

(ii) Maximum exposure to credit risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries as disclosed under the 'Maturity Analysis' of item (c) below, representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair values on initial recognition were not material.

38. Financial instruments (continued)

38.1 Financial risk management policies (continued)

(b) Credit risk (continued)

(iii) Assessment of impairment losses

The Group has a formal credit policy in place and the exposure to credit risk is monitored on an on-going basis through periodic review of the ageing of the trade receivables. The Group closely monitors the trade receivables' financial strength to reduce the risk of loss.

At each reporting date, the Group evaluates whether any of the financial assets at amortised cost are credit impaired.

The gross carrying amounts of financial assets are written off against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

A financial asset is credit impaired when any of the following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:
- Significant financial difficulty of the receivable;
- A breach of contract, such as a default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty;
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

The Group considers a receivable to be in default when the receivable is unlikely to repay its debt to the Group in full or is more than 90 days past due.

<u>Trade receivables</u>

The Group applies the simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for all trade receivables.

Inputs, assumptions and techniques used for estimating impairment losses

To measure the expected credit losses, trade receivables (including related parties) have been grouped based on shared credit risk characteristics and the days past due.

The Group measures the expected credit losses of trade receivables that are credit impaired and trade receivables with a high risk of default on individual basis.

38. Financial instruments (continued)

38.1 Financial risk management policies (continued)

(b) Credit risk (continued)

(iii) Assessment of impairment losses (continued)

Trade receivables (continued)

Inputs, assumptions and techniques used for estimating impairment losses (continued)

The expected loss rates are based on the payment profiles of sales over 24 months before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the trade receivables to settle their debts using the linear regressive analysis. The Group has identified the unemployment rate or inflation rate as the key macroeconomic factors of the forward-looking information.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

Allowance for impairment losses

The reconciliations of allowance for impairment losses are as follows:-

The Group	**Non-credit impaired RM'000**	**Credit impaired RM'000**	**Total RM'000**
Trade receivables			
Balance as at 1.1.2023	815	848	1,663
Addition	319	544	863
Reversal	(64)	(124)	(188)
Written off	-	(15)	(15)
Balance as at 31.12.2023/1.1.2024	1,070	1,253	2,323
Addition	604	46	650
Reversal	(12)	(488)	(500)
Written off	-	(485)	(485)
Balance as at 31.12.2024	1,662	326	1,988

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38. Financial instruments (continued)

38.1 Financial risk management policies (continued)

(b) Credit risk (continued)

(iii) Assessment of impairment losses (continued)

Trade receivables (continued)

Allowance for impairment losses (continued)

The information about the credit exposure and loss allowances recognised for trade receivables are as follows:-

The Group	Gross Amount RM'000	Lifetime Individual Allowance RM'000	Lifetime Collective Allowance RM'000	Carrying Amount RM'000
2024				
Current (not past due)	46,181	-	(878)	45,303
1 to 30 days past due	13,615	-	(221)	13,394
31 to 60 days past due	6,042	-	(242)	5,800
61 to 90 days past due	914	-	(321)	593
Credit impaired	349	(161)	(165)	23
	67,101	(161)	(1,827)	65,113
2023				
Current (not past due)	40,473	-	(601)	39,872
1 to 30 days past due	14,227	-	(195)	14,032
31 to 60 days past due	4,606	-	(162)	4,444
61 to 90 days past due	491	-	(112)	379
Credit impaired	1,261	(492)	(761)	8
	61,058	(492)	(1,831)	58,735

Trade receivables that are individually determined to be impaired related to debtors who are in significant financial difficulties and have defaulted on payments. These debtors are not secured by any collateral or credit enhancements.

Trade receivables that are collectively determined to be impaired relate to expected credit losses measured based on the Group's observed default rates.

There has not been any significant change in the gross amounts of trade receivables that impacted the allowance for impairment losses.

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38. Financial instruments (continued)

38.1 Financial risk management policies (continued)

(b) Credit risk (continued)

(iii) Assessment of impairment losses (continued)

Other receivables

The Group and the Company apply the 3-stage general approach to measuring expected credit losses for its other receivables.

Under this approach, loss allowance is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD).

In deriving the PD and LGD, the Group and the Company consider the receivable's past payment status and its financial condition as at the reporting date. The PD is adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the receivable to settle its debts.

Allowance for impairment losses

No expected credit loss is recognised on other receivables as it is negligible.

Fixed deposits with licensed banks, cash and bank balances

The Group and the Company consider the licensed banks have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group and the Company are of the view that the loss allowance is immaterial and hence, it is not provided for.

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38. Financial instruments (continued)

38.1 Financial risk management policies (continued)

(b) Credit risk (continued)

(iii) Assessment of impairment losses (continued)

Financial guarantee contracts

Corporate guarantees for borrowing facilities granted to subsidiaries are financial guarantee contract.

Inputs, assumptions and techniques used for estimating impairment losses

The Company closely monitors the subsidiaries' financial strength to reduce the risk of loss.

The Company considers there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. A financial guarantee contract is credit impaired when:
- The subsidiary is unlikely to repay its obligation to the bank in full; or
- The subsidiary is having a deficit in equity and is continuously loss making.

The Company determines the probability of default of the guaranteed amounts individually using internal information available.

Allowance for impairment losses

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

(c) Liquidity risk

Liquidity risk arises mainly from general funding and business activities. The Group and the Company practise prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

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38. Financial instruments (continued)

38.1 Financial risk management policies (continued)

(c) Liquidity risk (continued)

Maturity analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
2024						
Non-derivative Financial Liabilities						
Trade payables	-	18,535	18,535	18,535	-	-
Other payables and accruals	-	13,304	13,304	13,304	-	-
Bank overdrafts	7.35 to 8.40	1,181	1,181	1,181	-	-
Bankers' acceptances	3.15 to 4.52	54,722	54,722	54,722	-	-
Charge card	2.00	181	181	181	-	-
Term loans	3.90 to 6.65	41,729	53,944	3,543	15,964	34,437
Lease liabilities	1.91 to 5.82	1,983	2,058	1,119	939	-
Hire purchase payables	2.66 to 3.50	1,988	2,110	1,021	1,089	-
		133,623	146,035	93,606	17,992	34,437

38. Financial instruments (continued)

38.1 Financial risk management policies (continued)

(c) Liquidity risk (continued)

Maturity analysis (continued)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period)(continued):-

The Group	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
2023						
Non-derivative Financial Liabilities						
Trade payables	-	18,193	18,193	18,193	-	-
Other payables and accruals	-	12,244	12,244	12,244	-	-
Bank overdrafts	7.35 to 8.40	1,652	1,652	1,652	-	-
Bankers' acceptances	3.16 to 4.43	47,594	47,594	47,594	-	-
Charge card	2.00	338	338	338	-	-
Term loans	4.35 to 4.93	12,782	17,324	1,322	4,337	11,665
Lease liabilities	1.91 to 5.76	1,246	1,297	955	342	-
Hire purchase payables	2.66 to 3.50	3,864	4,249	1,414	2,835	-
		97,913	102,891	83,712	7,514	11,665

38. Financial instruments (continued)

38.1 Financial risk management policies (continued)

(c) Liquidity risk (continued)

Maturity analysis (continued)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period)(continued):-

The Company	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000
2024					
Non-derivative Financial Liabilities					
Other payables and accruals	-	56	56	56	-
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries	-	-	72,445	72,445	-
		56	72,501	72,501	-
2023					
Non-derivative Financial Liabilities					
Other payables and accruals	-	55	55	55	-
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries	-	-	66,135	66,135	-
		55	66,190	66,190	-

The contractual undiscounted cash flows represent the outstanding credit facilities of the subsidiaries at the end of the reporting period. The financial guarantees have not been recognised in the financial statements since their fair values on initial recognition were not material.

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38. Financial instruments (continued)

38.2 Capital risk management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholder(s) value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital using gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables less cash and bank balances and fixed deposits with licensed banks. Capital includes equity attributable to the owners of the parent. The gearing ratio of the Group at the end of the reporting period are as follows:-

	The Group	
	2024	**2023**
	RM'000	**RM'000**
Trade payables	18,535	18,193
Other payables and accruals	14,068	12,794
Bank overdrafts	1,181	1,652
Charge card	181	338
Lease liabilities	1,983	1,246
Term loans	41,729	12,782
Bankers' acceptances	54,722	47,594
Hire purchase payables	1,988	3,864
	134,387	98,463
Less: Cash and bank balances	(62,722)	(60,751)
Less: Fixed deposits with licensed banks	(4,773)	(4,659)
Net debt	66,892	33,053
Total equity	201,141	196,985
Total capital and net debt	268,033	230,038
Gearing ratio	0.25	0.14

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38. Financial instruments (continued)

38.3 Classification of financial instruments

	The Group		The Company	
	2024	**2023**	**2024**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Financial Assets				
Fair Value Through Profit or Loss				
Derivative assets (Note 23)	3	37	-	-
Amortised Cost				
Trade receivables (Note 21)	65,113	58,735	-	-
Other receivables (Note 22)	231	174	15	9
Fixed deposits with licensed banks (Note 24)	4,773	4,659	3,495	3,414
Cash and bank balances	62,722	60,751	64	445
	132,839	124,319	3,574	3,868
Financial Liabilities				
Amortised Cost				
Trade payables (Note 29)	18,535	18,193	-	-
Other payables and accruals (Note 30)	13,304	12,244	56	55
Bank overdrafts (Note 31)	1,181	1,652	-	-
Charge card (Note 26)	181	338	-	-
Lease liabilities (Note 27)	1,983	1,246	-	-
Hire purchase payables (Note 26)	1,988	3,864	-	-
Term loans (Note 26)	41,729	12,782	-	-
Bankers' acceptances (Note 26)	54,722	47,594	-	-
	133,623	97,913	56	55

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38. Financial instruments (continued)

38.4 Gains or losses arising from financial instruments

	The Group		The Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Financial Assets				
Fair Value Through Profit or Loss				
Net (losses)/gains recognised in profit or loss	(34)	43	-	-
Amortised Cost				
Net gains recognised in profit or loss	1,343	458	90	83
Financial Liabilities				
Amortised Cost				
Net losses recognised in profit or loss	(3,305)	(2,962)	-	-

38.5 Fair value information

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

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38. Financial instruments (continued)

38.5 Fair value information (continued)

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value				
The Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total Fair Value RM'000	Carrying Amount RM'000
2024								
Financial Assets								
Derivative assets:								
- forward currency contracts	-	3	-	-	-	-	3	3
Financial Liabilities								
Hire purchase payables	-	-	-	-	1,978	-	1,978	1,988
Term loans:								
- floating rate	-	-	-	-	41,729	-	41,729	41,729

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38. Financial instruments (continued)

38.5 Fair value information (continued)

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period (continued):-

The Group	Fair Value of Financial Instruments Carried at Fair Value Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Fair Value of Financial Instruments not Carried at Fair Value Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total Fair Value RM'000	Carrying Amount RM'000
2023								
Financial Assets								
Derivative assets:								
- forward currency contracts	-	37	-	-	-	-	37	37
Financial Liabilities								
Hire purchase payables	-	-	-	-	3,843	-	3,843	3,864
Term loans:								
- floating rate	-	-	-	-	12,782	-	12,782	12,782

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38. Financial instruments (continued)

38.5 Fair value information (continued)

(a) Fair value of financial instruments carried at fair value

(i) The fair values above have been determined using the following basis:-

(aa) The fair values of forward currency contracts are determined from the difference between the contractual forward prices and the current forward prices for the residual maturity of the contracts.

(ii) There were no transfers between level 1 and level 2 during the financial year.

(b) Fair value of financial instruments not carried at fair value

The fair values, which are for disclosure purposes, have been determined using the following basis:-

(i) The fair value of the term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

(ii) The fair value of the hire purchase payables are determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	The Group	
	2024	**2023**
	%	**%**
Hire purchase payables	3.24 - 3.31	3.24 - 3.31

39. Comparative figures

The following figures have been reclassified to conform with the presentation of the current financial year:-

	As Previously Reported RM'000	**As Restated RM'000**
Consolidated Statement of Profit or Loss and Other Comprehensive Income (Extract):-		
Administrative expenses	17,403	16,367
Other expenses	5,987	7,023

List Of Properties

As at 31 December 2024

Register Owner	Title / Location	Land Area (Square Metres)	Tenure From / To	Existing Use	Approximate Age of Building (Years)	Date of Acquisition or Revaluation	Net Book Value As at 31/12/2024 (RM'000)
OISB(M)	H. S. (M) 455 to H. S. (M) 470 Lot PT4944 to PT4959 Mukim of Bachang, District of Melaka Tengah, Melaka	33,720	Leasehold 99 Years Expiring On 24/09/2094	Industrial & Office		16-Jan-96	
OISB(M)	H. S. (M) 471 to H. S. (M) 475 Lot PT4960 to PT4964 Mukim of Bachang, District of Melaka Tengah, Melaka	17,505	Leasehold 99 Years Expiring On 24/09/2094	Industrial & Office	28	04-Mar-02	25,966
PKNM*	Lot PT 6127, Kawasan Perindustrian Batu Berendam IV, Melaka Factory No.: 8998, Kawasan Perindustrian Batu Berendam (PhaseIV) (Taman Perindustrian Batu Berendam), Batu Berendam, Melaka.	6,822	Leasehold 99 Years Expiring On 20/04/2103	Industrial (Service Road)		01-Aug-03	
OISB(M)	PN 67963, Lot 23933 (formerly known as HS(D) 85476, PT 12084), Mukim Krubong, Daerah Melaka Tengah, Negeri Melaka	61,416	Leasehold 99 Years Expiring On 28/04/2112	Land held for development		02-Feb-24	19,970
OISB(M)	PN 67964, Lot 23934 (formerly known as HS(D) 85477, PT 12085), Mukim Krubong, Daerah Melaka Tengah, Negeri Melaka	40,589	Leasehold 99 Years Expiring On 28/04/2112	Land under development		02-Feb-24	13,053
OISB(BP)	H. S. (D) 43098 Lot No. PLO 271 (PTD 39208) Mukim of Simpang Kanan, District of Batu Pahat, Johor Darul Takzim	13,067	Leasehold 60 Years Expiring On 10/07/2060	Industrial & Office	27	27-Oct-97	
OISB(BP)	H. S. (D) 38426 Lot No. PLO 333, (PTD 35123) Mukim of Simpang Kanan, District of Batu Pahat, Johor Darul Takzim.	4,047	Leasehold 60 Years Expiring On 04/02/2058	Industrial & Office	27	27-Dec-11	16,260
OISB(BP)	H.S. (D) 38298 Lot No.PLO 273, (PTD 39025) Mukim of Simpang Kanan, District of Batu Pahat, Johor Darul Takzim.	6,287	Leasehold 60 years Expiring On 05/10/2057	Industrial & Office	28	25-Jan-22	
OISB(BP)	H.S. (D) 39039 Lot No.4, (PTD 38451) Mukim of Simpang Kanan, District of Batu Pahat, Johor Darul Takzim.	1,138	Leasehold 60 years Expiring On 30/03/2059	Industrial & Office	25	09-Nov-22	
OISB(PERAK)	424165, 424166, 424167, 424168, 424169, 424170 Mukim of Hulu Kinta, District of Kinta, State of Perak Factory No. Plot 9, Persiaran Perindustrian Kanthan 2, Industrial Estate, 31200 Chemor, Perak Darul Ridzuan	42,811	Leasehold 99 Years Expiring On 05/12/2117	Industrial & Office	34	25-May-90	6,402
OISB(JOHOR)	H. S. (D) 248366 Lot PTD 46025 Mukim & District of Senai-Kulai, Johor Bahru	6,070	Leasehold 60 Years Expiring On 10/07/2056	Industrial & Office	18	14-Mar-02	
OISB(JOHOR)	Lot No.39337, Title No. GRN 395596 No.305, Jalan Idaman 1/15, Taman Perindustrian Senai, 81400 Senai, Johor	5,494	Freehold	Industrial & Office	27	08-Jun-22	7,474

Notes:- OISB(M) - Ornapaper Industry (M) Sdn. Bhd.
OISB(BP) - Ornapaper Industry (Batu Pahat) Sdn. Bhd.
OISB(JOHOR) - Ornapaper Industry (Johor) Sdn. Bhd.
OISB(PERAK) - Ornapaper Industry (Perak) Sdn. Bhd.
PKNM - Perbadanan Kemajuan Negeri Melaka
* OISB (M) had purchased the land from PKNM as per the Sale and Purchase Agreement dated 01/08/2004

Analysis of Shareholdings

As at 28 March 2025

Total Number of Issued Shares	:	75,250,601 ordinary shares
Total Number of Treasury Shares	:	1,098,445 treasury shares
Issued and Paid-up Capital	:	RM86,406,501.00
Class of Shares	:	Ordinary Shares
Voting Rights	:	1 Vote per Ordinary Shares

DISTRIBUTION OF SHAREHOLDERS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	16	1.06	458	0.00
100 – 1,000	289	19.16	227,051	0.31
1,001 – 10,000	767	50.86	3,821,900	5.15
10,001 – 100,000	364	24.14	11,966,004	16.14
100,001 – 3,707,606 (*)	71	4.71	20,251,524	27.31
3,707,607 and above (**)	1	0.07	37,885,219	51.09
TOTAL	**1,508**	**100**	**74,152,156**	**100**

Remarks: * Less than 5% of issued shares
** 5% and above of issued shares

SUBSTANTIAL SHAREHOLDERS

Name	Direct No. of Shares	%	Indirect No. of Shares	%
Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Intisari Delima Sdn. Bhd.	37,885,219	51.09	-	-
Sai Ah Sai	120,000	0.16	(1) 39,532,043	53.31
Sai Chin Hock	-	-	(2) 37,885,219	51.09
Sai Han Siong	15,000	0.02	(3) 38,467,543	51.88

Analysis of Shareholdings

As at 28 March 2025

DIRECTORS' SHAREHOLDINGS
(Based on the Register of Directors' Shareholdings)

Name	Direct No. of Shares	%	Indirect No. of Shares	%
Sai Ah Sai	120,000	0.16	(1) 39,532,043	53.31
Sai Chin Hock	-	-	(2) 37,885,219	51.09
Sai Han Siong	15,000	0.02	(3) 38,467,543	51.88
Tan Chin Hwee	-	-	-	-
Ang Kwee Teng	25,000	0.03	-	-
Lim Joo Song	-	-	(4) 292,000	0.39
Lim Kit Ming	-	-	-	-
Sean Ne Teo	-	-	-	-

Notes:
*(1) Deemed interest pursuant to Section 8 of the Companies Act 2016 ("**the Act**") by virtue of shares held through Intisari Delima Sdn. Bhd. ("**IDSB**") and his sons, Sai Han Siong's shares held in ORNA and shares held through Pilihan Sistematik Sdn. Bhd. ("**PSSB**"), and Sai Swee Seong's indirect shareholding held through Uptrend Performer Sdn. Bhd. ("**UPSB**") and disclosure made pursuant to Section 59(11)(c) of the Act on shares held through his son, Sai Swee Seong.*
(2) Deemed interest pursuant to Section 8 of the Act by virtue of shares held through IDSB.
(3) Deemed interest pursuant to Section 8 of the Act by virtue of shares held through PSSB, IDSB and his father, Sai Ah Sai's shares held in ORNA and disclosure made pursuant to Section 59(11)(c) of the Act on shares held through his spouse, Chua Mei Yin.
(4) Deemed interest pursuant to Section 59(11)(c) of the Act on shares held through his spouse, Lim Huey Tien.

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Analysis of Shareholdings

As at 28 March 2025

THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS

No.	Shareholders	No. of shares	%
1	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Intisari Delima Sdn. Bhd.	37,885,219	51.09
2	Cemerlang Muhibbah Sdn. Bhd.	1,419,300	1.91
3	Uptrend Performer Sdn. Bhd.	1,000,000	1.35
4	Teu Chee Chai	866,900	1.17
5	Teo Kwee Hock	758,800	1.02
6	Lim Hong Liang	745,000	1.00
7	Tan Soo Han	665,000	0.90
8	Wong Lai Han	615,900	0.83
9	Soo Chok Chin	554,300	0.75
10	Chong Nyok Moey	480,000	0.65
11	Ling Eng Kheat	470,100	0.63
12	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Pilihan Sistematik Sdn. Bhd.	459,324	0.62
13	Tan Kok Choon	438,000	0.59
14	Yeo Ser Ken	410,000	0.55
15	Chen Foong Szeen	408,500	0.55
16	Tee Ai Lee	401,800	0.54
17	Khoo Yew Nean	361,000	0.49
18	RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chen Fook Wah	351,500	0.47
19	Ang Hong Mai	320,000	0.43
20	Lim Ah Lam	320,000	0.43
21	Lim Hong Liang	319,200	0.43
22	Ong Teck Peow	312,100	0.42
23	Jerry Ang Teck Kim	295,700	0.40
24	Lim Huey Tien	292,000	0.39
25	Liau Keen Yee	280,000	0.38
26	Wang Yeen Wah	270,000	0.36
27	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Gan Hai Toh	265,800	0.36
28	Huang Phang Lye	256,600	0.35
29	Wong Sik Wan	251,700	0.34
30	Chen Foong Szeen	250,900	0.34

Notice of the Twenty-Third Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty-Third Annual General Meeting of the Company will be held at Function Room 2, Level 2, Holiday Inn Melaka, Jalan Syed Abdul Aziz, 75000 Melaka, Malaysia on **Thursday, 29 May 2025** at **10:30 a.m.** for the following purposes: -

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2024, together with the Reports of the Directors and the Auditors thereon. (Please refer to Note 13)

2. To approve the payment of Directors' fees up to an amount of RM255,000 from 30 May 2025 until the Twenty-Fourth Annual General Meeting of the Company. (Ordinary Resolution 1)

3. To approve the payment of Directors' benefits payable up to an amount of RM32,000 from 30 May 2025 until the Twenty-Fourth Annual General Meeting of the Company. (Ordinary Resolution 2)

4. To re-elect the following Directors, who retire by rotation in accordance with Clause 120 of the Company's Constitution and being eligible, have offered themselves for re-election: -

   (a) Mr. Sai Chin Hock; (Ordinary Resolution 3)

   (b) Mr. Tan Chin Hwee; and (Ordinary Resolution 4)

   (c) Mr. Sai Ah Sai. (Ordinary Resolution 5)

5. To re-appoint Crowe Malaysia PLT as Auditors of the Company for the financial year ending 31 December 2025 and to authorise the Directors to determine their remuneration. (Ordinary Resolution 6)

As Special Business

To consider and if thought fit, to pass the following Ordinary Resolutions, with or without any modification: -

6. **Authority to Issue Shares pursuant to the Companies Act 2016** (Ordinary Resolution 7)

   "THAT subject always to the Companies Act 2016, the Constitution of the Company and the approvals from Bursa Malaysia Securities Berhad and any other relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered pursuant to the Companies Act 2016, to issue and allot shares in the capital of the Company from time to time at such price and upon such terms and conditions, for such purposes and to such person or persons whomsoever the Directors may in their absolute discretion deem fit provided always that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being;

Notice of the Twenty-Third Annual General Meeting

AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad;

AND FURTHER THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

7. **Retention of Mr. Tan Chin Hwee as an Independent Non-Executive Director of the Company** (Ordinary Resolution 8)

"THAT, subject to the passing of Ordinary Resolution 4, Mr. Tan Chin Hwee, who has served as an Independent Non-Executive Director for a cumulative term exceeding nine (9) years, be and is hereby retained as an Independent Non-Executive Director of the Company."

8. **Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue and/or Trading Nature ("Proposed New Shareholders' Mandate")** (Ordinary Resolution 9)

"THAT subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company and/or its subsidiaries ("**ORNA Group**") to enter into recurrent related party transactions of a revenue and/or trading nature with the related parties as specified in Section 1.4 of Part A of the Circular/Statement to Shareholders dated 30 April 2025 which are necessary for the day-to-day operations of the ORNA Group, provided that such transactions are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company;

THAT the Proposed New Shareholders' Mandate is subject to annual review and any authority conferred by the Proposed New Shareholders' Mandate shall only continue to be in force until: -

(i) the conclusion of the next Annual General Meeting of the Company at which time it will lapse unless the authority is renewed by a resolution passed at the next Annual General Meeting; or

(ii) the expiration of the period within which the next Annual General Meeting of the Company is required to be held pursuant to Section 340(2) of the Companies Act 2016 but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016; or

(iii) is revoked or varied by resolution passed by the shareholders in a general meeting of the Company before the next Annual General Meeting of the Company;

whichever is the earlier,

AND THAT the Directors of the Company be authorised to complete and do such acts and things (including executing all such documents as may be required), as they may consider expedient or necessary to give effect to this resolution."

9. **Proposed Renewal of Existing Shareholders' Mandate for Existing Recurrent Related Party Transactions of a Revenue and/or Trading Nature** (Ordinary Resolution 10)

"THAT subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the renewal of the existing shareholders' mandate for the Company and/or its subsidiaries ("**ORNA Group**") to enter into recurrent related party transactions of a revenue and/or trading nature with the related parties as specified in Section 1.4 of Part A of the Circular/Statement to Shareholders dated 30 April 2025 which are necessary for the day-to-day operations of the ORNA Group, to be entered by the ORNA Group in the ordinary course of business and are on terms which are not more favourable to the related parties with which such recurrent transactions to be entered into than those generally available to the public and are not detrimental to the minority shareholders of the Company;

THAT such approval shall continue to be in force until the earlier of: -

(i) the conclusion of the next Annual General Meeting of the Company at which time it will lapse unless the authority is renewed by a resolution passed at the next Annual General Meeting of the Company; or

(ii) the expiration of the period within which the next Annual General Meeting of the Company is to be held pursuant to Section 340(2) of the Companies Act 2016 but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016; or

(iii) is revoked or varied by resolution passed by the shareholders in a general meeting of the Company before the next Annual General Meeting of the Company;

AND THAT the Directors of the Company be authorised to complete and do such acts and things (including executing all such documents as may be required), as they may consider expedient or necessary to give effect to this resolution."

10. **Proposed Renewal of Authority for the Company to Purchase Its Own Shares ("Proposed Renewal of Share Buy-Back Authority")** (Ordinary Resolution 11)

"THAT, subject always to the Companies Act 2016, the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and all other applicable laws, rules and regulations and guidelines for the time being in force and the approvals of all relevant governmental and/or regulatory authority, approval be and is hereby given for the Company, to purchase such number of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad as the Directors may deem fit, necessary and expedient in the interest of the Company, provided that:

Notice of the Twenty-Third Annual General Meeting

(i) the aggregate number of ordinary shares to be purchased ("**Purchased Shares**") and/or held by the Company pursuant to this resolution shall not exceed ten percent (10%) of the total number of issued shares of the Company as quoted on Bursa Malaysia Securities Berhad as at the point of purchase; and

(ii) the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest unaudited financial statements (where applicable) available at the time of the purchase;

THAT upon completion of the purchase by the Company of its own shares, the Directors of the Company be and are hereby authorised to deal with the ordinary shares purchased in their absolute discretion in the following manners:

(i) cancel all or part of the shares so purchased;
(ii) retain the shares so purchased in treasury and/or resell on the market of Bursa Malaysia Securities Berhad;
(iii) retain part thereof as treasury shares and cancel the remainder;
(iv) distribute the shares as dividends to shareholders of the Company;
(v) resell the shares or any of the shares in accordance with the relevant rules of the stock exchange;
(vi) transfer the shares, or any of the shares as purchase consideration;
(vii) cancel the shares or any of the shares;
(viii) sell, transfer or otherwise use the shares for such other purposes as the Minister; and/or

in any other manner as prescribed by the Companies Act 2016, the applicable laws, regulations and guidelines applied from time to time by Bursa Malaysia Securities Berhad and/or any other relevant authority for the time being in force and that the authority to deal with the Purchased Shares shall continue to be valid until all the Purchased Shares have been dealt with by the Directors;

THAT such authority conferred by this resolution shall commence upon the passing of this resolution and shall continue to be in force until:-

(a) the conclusion of the next Annual General Meeting of the Company following this Annual General Meeting at which this resolution was passed at which time the said authority shall lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

(b) the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held; or

(c) the authority is revoked or varied by ordinary resolution passed by the shareholders in a general meeting, whichever, occurs first, but not to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Malaysia Securities Berhad and/or any other relevant governmental and/or regulatory authorities (if any);

Notice of the Twenty-Third Annual General Meeting

AND THAT the Directors of the Company be and are hereby authorised to do all acts, deeds and things as they may consider expedient or necessary in the best interest of the Company to give full effect to the Proposed Renewal of Share Buy-Back Authority with full powers to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities and to take all such steps, and do all such acts and things as the Board may deem fit and expedient in the best interest of the Company."

11. To transact any other ordinary business of which due notice shall have been given.

By Order of the Board

CHUA SIEW CHUAN (MAICSA 0777689) / SSM PC NO.: 201908002648
YAU JYE YEE (MAICSA 7059233) / SSM PC NO.: 202008000733
Company Secretaries

Melaka
Dated: 30 April 2025

Notes:

1. A member of a Company shall be entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote at meeting of members of the Company. A member may appoint more than one (1) proxy in relation to a meeting, provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company.

2. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("**SICDA**"), it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

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 (1) 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 SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

4. Where a member or the authorised nominee appoints more than two (2) proxies, or where an exempt authorised nominee appoints more than one (1) proxy in respect of each omnibus account to attend and vote at the same meeting, the appointments shall be invalid unless the proportion of shareholdings to be represented by each proxy is specified in the instrument appointing the proxies.

5. The instrument appointing a proxy shall be in writing and signed by the appointor or by his attorney who is authorised in writing. In the case of a corporation, the instrument appointing proxy(ies) must be made either under its common seal or signed by an officer or an attorney duly authorised.

6. The duly completed Form of Proxy must be deposited at the Company's Share Registrar at Aldpro Corporate Services Sdn. Bhd., B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

Notice of the Twenty-Third Annual General Meeting

7. Please ensure ALL the particulars as required in the Form of Proxy are completed, signed and dated accordingly.

8. The last date and time for lodging the Form of Proxy is **Tuesday, 27 May 2025 at 10:30 a.m.**

9. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Company's Share Registrar at Aldpro Corporate Services Sdn. Bhd., B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

10. For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL/DULY CERTIFIED** certificate of appointment of authorised representative with the Company's Share Registrar at Aldpro Corporate Services Sdn. Bhd., B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:

    (i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.

    (ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:

    (a) at least two (2) authorised officers, of whom one shall be a director; or
    (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

11. In respect to deposited securities, only members whose names appear in the Record of Depositors on **21 May 2025** ("**General Meeting Record of Depositors**") shall be eligible to attend, participate, speak and vote at the meeting.

12. Pursuant to Section 320(2) of the Companies Act 2016, a copy of this Notice, together with the Form of Proxy, are available at the Company's corporate website at https://ornapaper.com/annual-general-meeting/.

13. **Audited Financial Statements for the financial year ended 31 December 2024**

    This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act 2016 does not mandate formal shareholder approval for the Audited Financial Statements. Hence, this Agenda item will not be put forward for voting.

Explanatory Notes:-

(i) Ordinary Resolutions 1 and 2: Payment of Directors' Fees and Benefits Payable

Under Section 230(1) of the Companies Act 2016, which stipulates that the fees and any benefits payable to the Directors of a listed company and its subsidiaries must be approved at the general meeting.

If approved, Ordinary Resolution 1 will authorise the payment of Directors' fees to the Non-Executive Directors of the Company for the period from 30 May 2025 until the Twenty-Fourth Annual General Meeting. The fees will be payable on a monthly basis in arrears, following each completed month of service. This resolution is intended to facilitate the payment of Directors' fees on a current financial year basis.

Notice of the Twenty-Third Annual General Meeting

If approved, Ordinary Resolution 2 will authorise the payment of Directors' benefits by the Company to its Directors for the same period, i.e., from 30 May 2025 until the Twenty-Fourth Annual General Meeting. The proposed benefits are limited to meeting allowances, with the estimated amount based on the projected number of scheduled meetings during the period.

(ii) Ordinary Resolutions 3 to 5: Re-election of Directors who retire by rotation in accordance with Clause 120 of the Company's Constitution

Pursuant to Clause 120 of the Company's Constitution, Mr. Sai Chin Hock, Mr. Tan Chin Hwee, and Mr. Sai Ah Sai are scheduled to retire at the forthcoming Twenty-Third Annual General Meeting. Being eligible, all three Directors have offered themselves for re-election.

The Board of Directors, through the Nomination Committee, has conducted the requisite assessments and concluded that Mr. Sai Chin Hock, Mr. Tan Chin Hwee, and Mr. Sai Ah Sai meet the criteria set out under Paragraph 2.20A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. These criteria include character, experience, integrity, competence, and time commitment to effectively discharge their duties as Directors.

Each of the retiring Directors has also provided a declaration of fitness and propriety in accordance with the Company's Directors' Fit and Proper Policy.

All three Directors have consented to their re-election and have abstained from deliberation and decision-making regarding their own re-election at the relevant Nomination Committee and Board meetings, where applicable.

The profiles of the Directors standing for re-election are available in the Directors' Profiles section of the 2024 Annual Report.

(iii) Ordinary Resolution 6: Re-appointment of Auditors

The Audit Committee has assessed the suitability and independence of the External Auditors and has recommended the re-appointment of Crowe Malaysia PLT as the External Auditors of the Company for the financial year ending 31 December 2025.

Following this, the Board of Directors has reviewed and endorsed the Audit Committee's recommendation and proposes that the re-appointment of Crowe Malaysia PLT be tabled for shareholders' approval at the forthcoming Twenty-Third Annual General Meeting of the Company.

(iv) Ordinary Resolution 7: Authority to Issue Shares pursuant to the Companies Act 2016

The proposed Ordinary Resolution 7 seeks to renew the authority previously granted to the Company's Directors at the Twenty-Second Annual General Meeting held on 26 June 2024. This renewed mandate allows the Directors to issue and allot shares at their discretion, without the need to convene a general meeting, provided that the aggregate number of shares issued does not exceed 10% of the Company's total issued shares at any point in time (the "**General Mandate**").

The General Mandate granted at the Twenty-Second Annual General Meeting was not utilised, and therefore, no proceeds were raised under that authority.

Renewal of this mandate will empower the Directors to act swiftly for potential fundraising exercises, including but not limited to private placements, in support of the Company's future investment projects, working capital needs, and/or strategic acquisitions. This flexibility helps the Company avoid unnecessary delays and costs that would otherwise be incurred in seeking shareholder approval for each issuance.

Notice of the Twenty-Third Annual General Meeting

(v) Ordinary Resolution 8: Retention as Independent Non-Executive Director

Mr. Tan Chin Hwee was appointed as an Independent Non-Executive Director of the Company on 22 January 2014 and has served on the Board for a cumulative term of more than nine (9) years. In line with the Malaysian Code on Corporate Governance, the Board of Directors has undertaken an assessment of Mr. Tan Chin Hwee's independence and, based on the following justifications, recommends that he be retained as an Independent Non-Executive Director of the Company:

a. He continues to fulfil the independence criteria as set out in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
b. He has no conflict of interest with the Company and has not entered into, nor is he anticipated to enter into, any contract(s), particularly material ones, with the Company and/or its subsidiaries; and
c. The Board recognises the value of Mr. Tan Chin Hwee's extensive experience, institutional knowledge, and deep understanding of the Company's and Group's operations. His long tenure and insights have proven to be instrumental and constructive in Board deliberations and decision-making processes.

(vi) Ordinary Resolutions 9 and 10: Proposed New Shareholders' Mandate and Proposed Renewal of Existing Shareholders' Mandate for Existing Recurrent Related Party Transactions of a Revenue and/or Trading Nature

The proposed Ordinary Resolutions 9 and 10, if approved, will empower the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue and/or trading nature which are necessary for the Group's day-to-day operations. These transactions will be conducted in the ordinary course of business, on an arm's length basis, and under normal commercial terms, which are not more favourable to the related parties than those generally available to the public and are not detrimental to the interests of the minority shareholders of the Company.

For further details, please refer to the Circular/Statement to Shareholders dated 30 April 2025.

(vii) Ordinary Resolution 11: Proposed Renewal of Share Buy-Back Authority

The proposed Ordinary Resolution 11, if approved, will renew the authority granted to the Company to purchase its own shares of up to ten per cent (10%) of the total number of its issued shares at any given time, in accordance with the time period stipulated under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This authority, unless revoked or varied by shareholders at a general meeting, will remain in force until the conclusion of the next Annual General Meeting of the Company.

For more details on the Proposed Renewal of Share Buy-Back Authority, please refer to the Circular/Statement to Shareholders dated 30 April 2025.

Personal Data Privacy:
By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, participate, speak, and vote at the Twenty-Third Annual General Meeting and/or any adjournment thereof, a member of the Company:

1. Consents to the collection, use, and disclosure of their personal data by the Company (or its agents) for the purpose of processing and administering proxies and representatives for the AGM (including any adjournment thereof), as well as for the preparation and compilation of attendance lists, minutes, and other documents relating to the AGM, and for the Company (or its agents) to comply with applicable laws, listing requirements, regulations, and/or guidelines (collectively referred to as the "Purposes");
2. Warrants that where they provide the personal data of their proxy(ies) and/or representative(s), they have obtained the prior consent of such individuals for the Company (or its agents) to collect, use, and disclose their personal data for the Purposes; and
3. Agrees to indemnify the Company against any penalties, liabilities, claims, demands, losses, or damages arising from the breach of the above warranty.

Ornapaper Berhad
(Incorporated in Malaysia)
Registration No: 200201006032 (573695-W)

CDS ACCOUNT NO.
NUMBER OF SHARES HELD

FORM OF PROXY

*I/We (full name), ____

bearing *NRIC No./Passport No./ Company No.____

of (full address)____

____

being a *member/members of ORNAPAPER BERHAD (the "**Company**") hereby appoint:-

First Proxy "A"

FULL NAME (IN BLOCK)	NRIC/PASSPORT NO.	PROPORTION OF SHAREHOLDINGS	
		NO. OF SHARES	%
FULL ADDRESS			

and/or failing *him/her,

Second proxy "B"

FULL NAME (IN BLOCK)	NRIC/PASSPORT NO.	PROPORTION OF SHAREHOLDINGS	
		NO. OF SHARES	%
FULL ADDRESS			
			100%

#to put on a separate sheet where there are more than two (2) proxies.

or failing *him/her, the Chairman of the Meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the Twenty-Third Annual General Meeting of the Company to be held at the Function Room 2, Level 2, Holiday Inn Melaka, Jalan Syed Abdul Aziz, 75000 Melaka, Malaysia on **Thursday, 29 May 2025** at **10:30 a.m.** and at any adjournment thereof.

Please indicate with an "X" in the spaces provided below how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at *his/her discretion.

Ordinary Resolution	Agenda	For	Against
1.	To approve the payment of Directors' fees up to an amount of RM255,000 from 30 May 2025 until the Twenty-Fourth Annual General Meeting of the Company.		
2.	To approve the payment of Directors' benefits payable up to an amount of RM32,000 from 30 May 2025 until the Twenty-Fourth Annual General Meeting of the Company.		
3.	To re-elect Mr. Sai Chin Hock, who retires by rotation in accordance with Clause 120 of the Company's Constitution.		
4.	To re-elect Mr. Tan Chin Hwee, who retires by rotation in accordance with Clause 120 of the Company's Constitution.		
5.	To re-elect Mr. Sai Ah Sai, who retires by rotation in accordance with Clause 120 of the Company's Constitution.		
6.	To re-appoint Crowe Malaysia PLT as Auditors of the Company for the financial year ending 31 December 2025 and to authorise the Directors to determine their remuneration.		
7.	Authority to Issue Shares pursuant to the Companies Act 2016.		
8.	Retention of Mr. Tan Chin Hwee as an Independent Non-Executive Director of the Company.		
9.	Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue and/or Trading Nature.		
10.	Proposed Renewal of Existing Shareholders' Mandate for Existing Recurrent Related Party Transactions of a Revenue and/or Trading Nature.		
11.	Proposed Renewal of Authority for the Company to Purchase Its Own Shares.		

As witness my/our hand(s) this day __________ of ____________________, 2025.

Contact Number: _____________________

____
*Signature(s)/Common Seal of Member

** Strike out whichever is not applicable.*

Notes:

1. A member of a Company shall be entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote at meeting of members of the Company. A member may appoint more than one (1) proxy in relation to a meeting, provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company.

2. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("**SICDA**"), it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

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 (1) 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 SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

4. Where a member or the authorised nominee appoints more than two (2) proxies, or where an exempt authorised nominee appoints more than one (1) proxy in respect of each omnibus account to attend and vote at the same meeting, the appointments shall be invalid unless the proportion of shareholdings to be represented by each proxy is specified in the instrument appointing the proxies.

5. The instrument appointing a proxy shall be in writing and signed by the appointor or by his attorney who is authorised in writing. In the case of a corporation, the instrument appointing proxy(ies) must be made either under its common seal or signed by an officer or an attorney duly authorised.

6. The duly completed Form of Proxy must be deposited at the Company's Share Registrar at Aldpro Corporate Services Sdn. Bhd., B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

7. Please ensure ALL the particulars as required in the Form of Proxy are completed, signed and dated accordingly.

8. The last date and time for lodging the Form of Proxy is **Tuesday, 27 May 2025 at 10:30 a.m.**

9. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Company's Share Registrar at Aldpro Corporate Services Sdn. Bhd., B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

10. For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL/DULY CERTIFIED** certificate of appointment of authorised representative with the Company's Share Registrar at Aldpro Corporate Services Sdn. Bhd., B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:

    (i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.

    (ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:

        (a) at least two (2) authorised officers, of whom one shall be a director; or
        (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

11. In respect to deposited securities, only members whose names appear in the Record of Depositors on **21 May 2025** ("**General Meeting Record of Depositors**") shall be eligible to attend, participate, speak and vote at the meeting.

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 Annual General Meeting dated 30 April 2025.

fold here

Affix
Stamp
Here

The Company's Share Registrar

ORNAPAPER BERHAD [200201006032 (573695-W)]

Aldpro Corporate Services Sdn. Bhd.
202101043817 (1444117-M)
B-21-1, Level 21, Tower B, Northpoint Mid Valley City,
No. 1, Medan Syed Putra Utara,
59200 Kuala Lumpur, Wilayah Persekutuan.

fold here

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