



ANNUAL REPORT

2025

a socially responsible
business partner



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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) (Resigned on 21 January 2026) Mr. Sai Ah Sai (Non-Independent Non-Executive Director) Mr. Eric Chan See Quan (Independent Non-Executive Director) (Appointed on 1 February 2026)
AUDIT COMMITTEE	Mr. Lim Kit Ming (Chairman) Ms. Sean Ne Teo Mr. Eric Chan See Quan (Appointed on 1 February 2026) Mr. Tan Chin Hwee (Resigned on 21 January 2026)
BOARD RISK MANAGEMENT COMMITTEE	Ms. Sean Ne Teo (Redesignated to Chairperson on 1 February 2026) Mr. Lim Kit Ming Mr. Eric Chan See Quan (Appointed on 1 February 2026) Mr. Tan Chin Hwee (Resigned on 21 January 2026)
NOMINATION COMMITTEE	Mr. Lim Kit Ming (Chairman) Ms. Sean Ne Teo Mr. Eric Chan See Quan (Appointed on 1 February 2026) Mr. Tan Chin Hwee (Resigned on 21 January 2026)
REMUNERATION COMMITTEE	Ms. Sean Ne Teo (Chairperson) Mr. Lim Kit Ming Mr. Eric Chan See Quan (Appointed on 1 February 2026) Mr. Tan Chin Hwee (Resigned on 21 January 2026)
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@sshb.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	: 76
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	: 77
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 Eric Chan See Quan

Age	: 32
Nationality	: Malaysian
Gender	: Male
Designation / Position in the Company	: Independent Non-Executive Director; Member of Board Risk Management Committee, Audit Committee, Nomination Committee and Remuneration Committee
Date of appointment	: 1 February 2026
Qualification	: Bachelor of Law (Hons), Multimedia University Melaka
Work experience	: Managing Partner in Michael Tan & Co (2022 - Present); Director in FY Capital Holding Sdn Bhd (2023 - present); Pupil & Legal Associate in Vin & Issac Lee / Vin, Cheng & Co. (2018-2022)
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 Lim Kit Ming

Age	: 45
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 Assistant 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	: 52
Nationality	: Malaysian
Gender	: Female
Designation/ Position in the Company	: Independent Non-Executive Director; Chairperson of Remuneration Committee and Board Risk Management Committee; Member of Audit Committee, Nomination 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	: 56
Nationality	: Malaysian
Gender	: Male
Designation / Position in the Company	: Chief Executive Director
Date of appointment	: 27 May 2016
Qualification	: Singapore - Cambridge Certificate - GCE O 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 - 38,501,143 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	: 89
Nationality	: Malaysian
Gender	: Male
Designation / Position in the Company	: Director
Date of appointment	: 01 January 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	: 55
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 : Khor Wooi Hock
Age : 50
Nationality : Malaysian
Gender : Male
Designation /Position in the Company : Deputy General Manager
Date of appointment : 5 March 2024
Qualification : SPM
Work experience : Art marker - Eng Shuen Paper Industrial Co., (M) Sdn Bhd (1995 - 1996)
Converting Supervisor - Eng Shuen Paper Industrial Co.,(M) Sdn Bhd (1996 -1998)
Converting Supervisor - Ornapaper Industry (Perak) Sdn Bhd (1998 -2004)
Asst.Production Manager - Ornapaper Industry (Perak) Sdn Bhd (2004 - 2014)
Sales Manager - Ornapaper Industry (Perak) Sdn Bhd (2014 - 2022)
Operations Manager - Ornapaper Industry (Perak) Sdn Bhd (2022 - 2024)
Deputy General Manager - Ornapaper Industry (Perak) Sdn Bhd (2024 - 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 : 71
Nationality : Malaysian
Gender : Male
Designation /Position in the Company : Director/General Manager
Date of appointment : 1 August 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 August 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 : 53
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 : 59
Nationality : Malaysian
Gender : Male
Designation /Position in the Company : General Manager
Date of appointment : 1 July 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 July 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 grown into one of Malaysia’s established suppliers of paper-based packaging solutions.

In response to increasing market demand and opportunities arising from the economic expansion of the early 1990s, the Group embarked on continuous investments to expand and modernise its operations. A key milestone was achieved in October 1996 with the commissioning of a high-technology production and development facility, which enabled the Group to expand its capabilities into the manufacturing of corrugated boards. This 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 strengthening its corporate profile and supporting its long-term growth trajectory.

The Group is principally involved in the manufacturing of corrugated boards and carton boxes (corrugated packaging), the production of paper-based stationery products and flexible packaging materials, as well as the provision of logistics services. Ornapaper operates through a network of subsidiaries in Malaysia, comprising its wholly owned subsidiaries, namely, Ornapaper Industry (M) Sdn. Bhd., Ornapaper Industry (Batu Pahat) Sdn. Bhd., Ornapaper Industry (Perak) Sdn. Bhd., Tripack Packaging (M) Sdn. Bhd., Ornapaper Plus Sdn. Bhd. (formerly known as Quantum Rhythm Sdn. Bhd.) and Ornapaper Logistics Sdn. Bhd., as well as its partly owned subsidiaries, namely, Ornapaper Industry (Johor) Sdn. Bhd. and Ornapack Sdn. Bhd. (formerly known as Ornaflex Solutions Sdn. Bhd.). Collectively, these entities form an integrated value chain supporting the Group’s manufacturing, distribution and emerging business segments.

The Group’s core business remains its corrugated packaging segment, which contributed approximately 94.7% of total revenue in financial year ended 31 December (“FYE”) 2025. This segment is primarily engaged in the design, manufacturing and sale of corrugated boards and carton boxes, serving a wide range of industries including food and beverage (“F&B”), rubber and plastics, furniture, electronics and electrical (“E&E”), hardware and steel, chemical products, healthcare, textiles and garments, 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, top and bottom, five panel folder, half slotted carton, full overlap slotted carton, L shape, H shape, nesting, corrugated pads and die-cut products. In addition, the Group produces corrugated boards in various flute configurations, including single wall, double wall and triple wall, tailored to meet the varying requirements of its customers.

In addition to its core corrugated packaging business, the Group operates a paper-based stationery segment through Ornapaper Plus Sdn. Bhd. (formerly known as Quantum Rhythm Sdn. Bhd.), which manufactures and trades office products and stationery paper products, contributing approximately 4.6% to the Group’s total revenue in FYE 2025. This segment serves both local and export markets, with approximately 77% of its revenue derived from domestic sales and 23% from export markets. Meanwhile, the Group’s logistics arm, Ornapaper Logistics Sdn. Bhd., which has been operational since August 2017, provides internal transportation support and contributed approximately 0.6% to the Group’s total revenue in FYE 2025.

Management Discussion and Analysis

During FYE 2025, the Group further diversified its operations through the commencement of a new flexible packaging material segment under Ornapack Sdn. Bhd. (formerly known as Ornaflex Solutions Sdn. Bhd.), which began production and sales operations in the fourth quarter of 2025. As this segment is at an early stage of development, its contribution to the Group's overall performance remains minimal at approximately 0.1% of the Group's total revenue during the year, but is expected to support the Group's longer-term growth and diversification strategy.

The Group maintains stringent quality and environmental standards and is certified under ISO 9001:2015 Quality Management System and ISO 14001:2015 Environmental Management System. Its quality assurance laboratories are equipped with precision testing equipment to support the Quality Assurance team in ensuring consistent product quality across all stages of production. Continuous investments in machinery upgrades, automation and process improvements further support the Group's operational efficiency, product consistency and ability to meet evolving customer requirements.

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 efficiency, production excellence, workforce development and the strategic procurement of high-quality, cost-effective raw materials. Products are tailored to meet specific customer requirements, reflecting the Group's commitment to quality, service responsiveness and cost efficiency.

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. 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.

Sustainability remains integral to the Group's operations. The Group is firmly committed to operating responsibly and harmoniously within society and the environment. It promotes recycling initiatives and adopts responsible waste management practices to support long-term environmental stewardship. Internally, the Group fosters a culture grounded in integrity, transparency, accountability and teamwork, supporting continuous improvement and organisational resilience.

Despite ongoing global and domestic economic uncertainties, including pricing pressures, raw material cost volatility, geopolitical developments and supply chain disruptions, the Group remains vigilant and adopts a prudent approach in managing its operations. Management continues to closely monitor market conditions and cost dynamics, while maintaining disciplined financial and cash flow management to preserve operational resilience.

Management Discussion and Analysis

In navigating the evolving business environment, the Group continues to adopt agile and forward-looking strategies, focusing on operational efficiency, cost optimisation and market responsiveness. The Group remains committed to strengthening its competitiveness, adapting to changing customer requirements and exploring new growth opportunities to support its long-term sustainability.

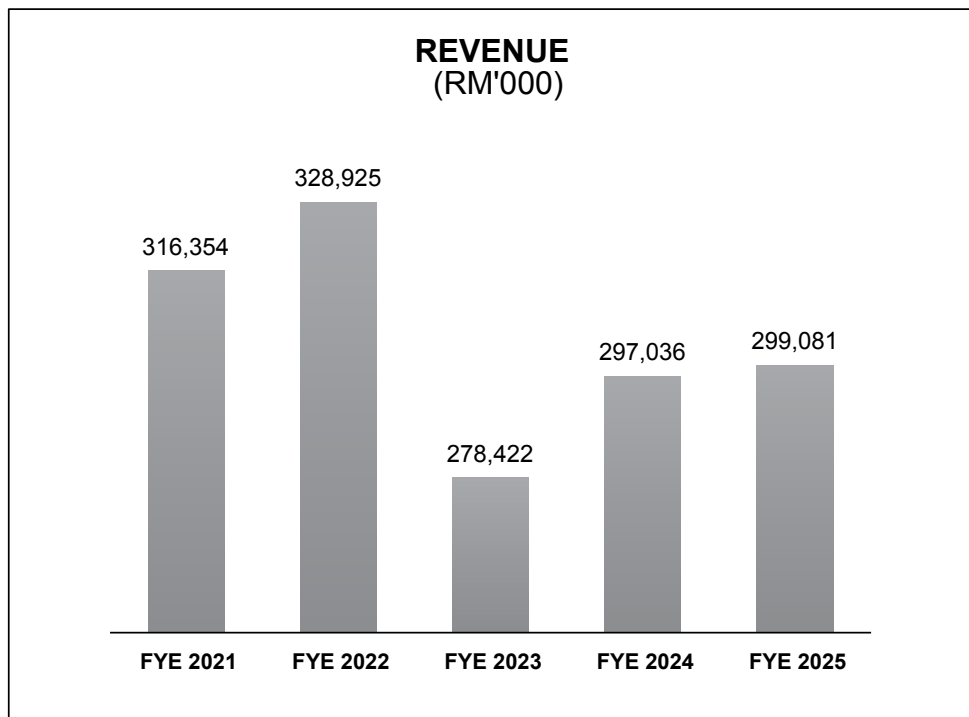
FINANCIAL REVIEW AND OPERATION REVIEW

FYE 2025 compared with FYE 2024

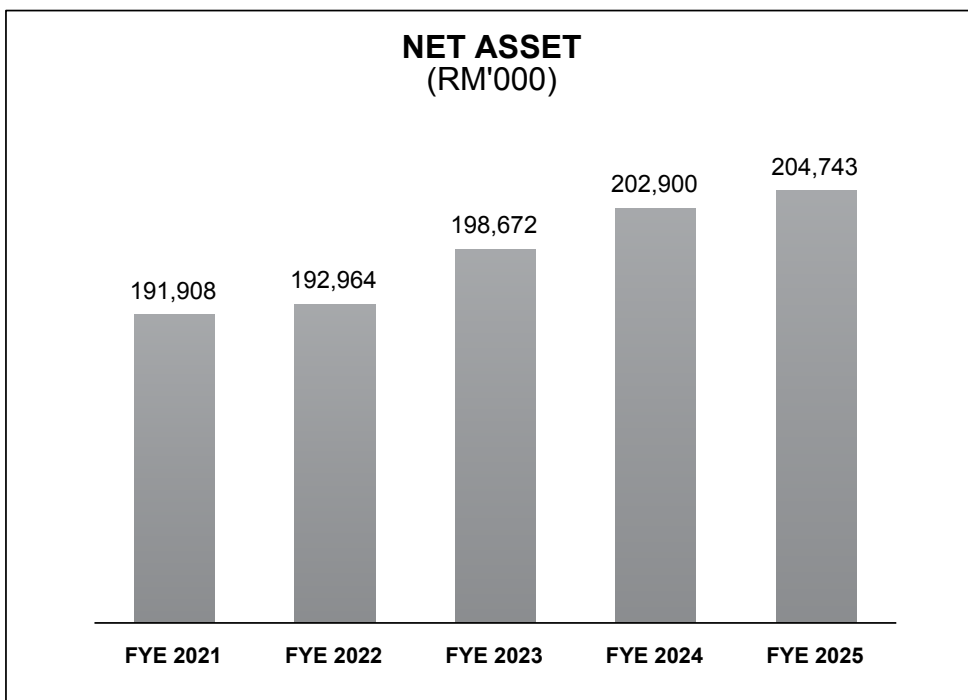
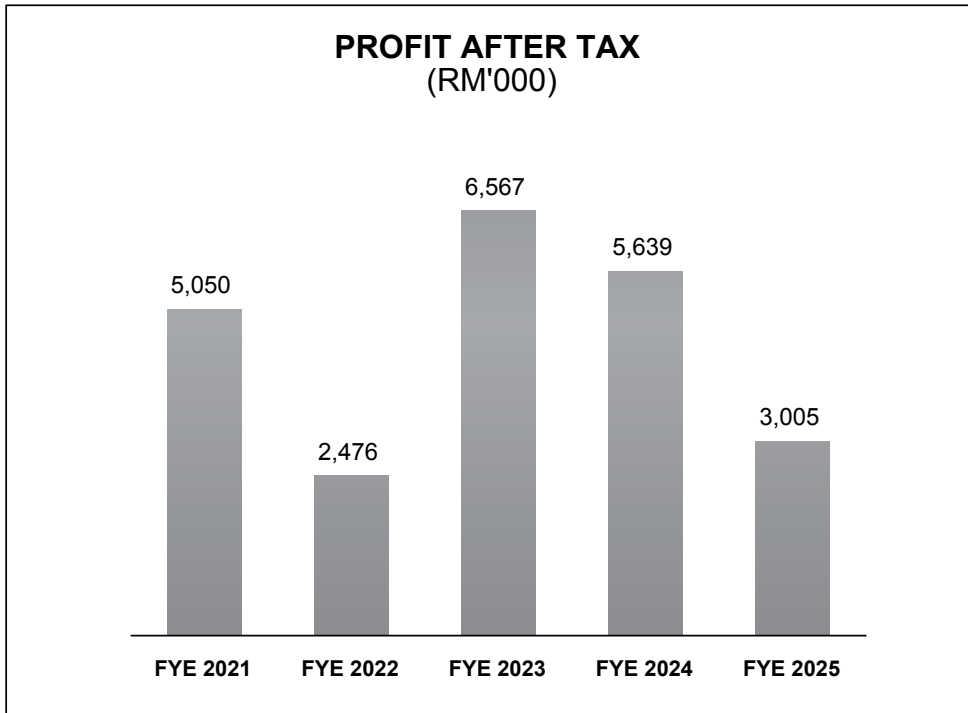
In RM'000 (Unless otherwise stated)	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
REVENUE	316,354	328,925	278,422	297,036	299,081
GROSS PROFIT	36,455	33,585	36,125	37,352	35,471
PROFIT AFTER TAX *	5,050	2,476	6,567	5,639	3,005
NET ASSET	191,908	192,964	198,672	202,900	204,743
NET ASSET PER SHARE (RM) **	2.59	2.60	2.68	2.74	2.76
EPS BASIC (SEN)	6.8	3.3	8.9	7.6	4.1
DIVIDEND PER SHARE (SEN)	2.0	1.0	2.0	2.0	1.5

* Attributable to Owners of Parent.

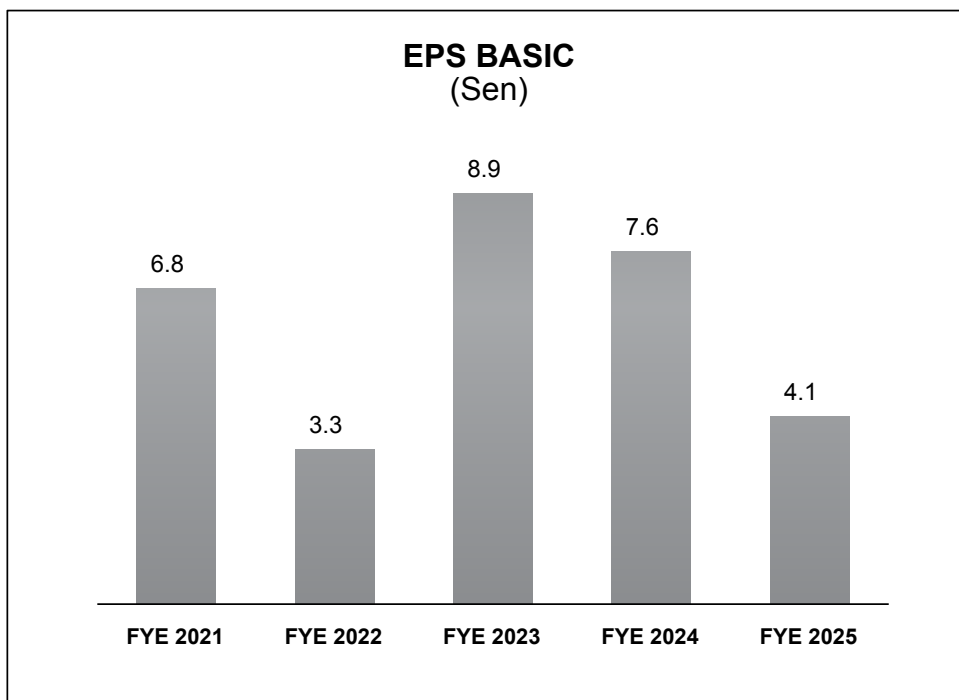
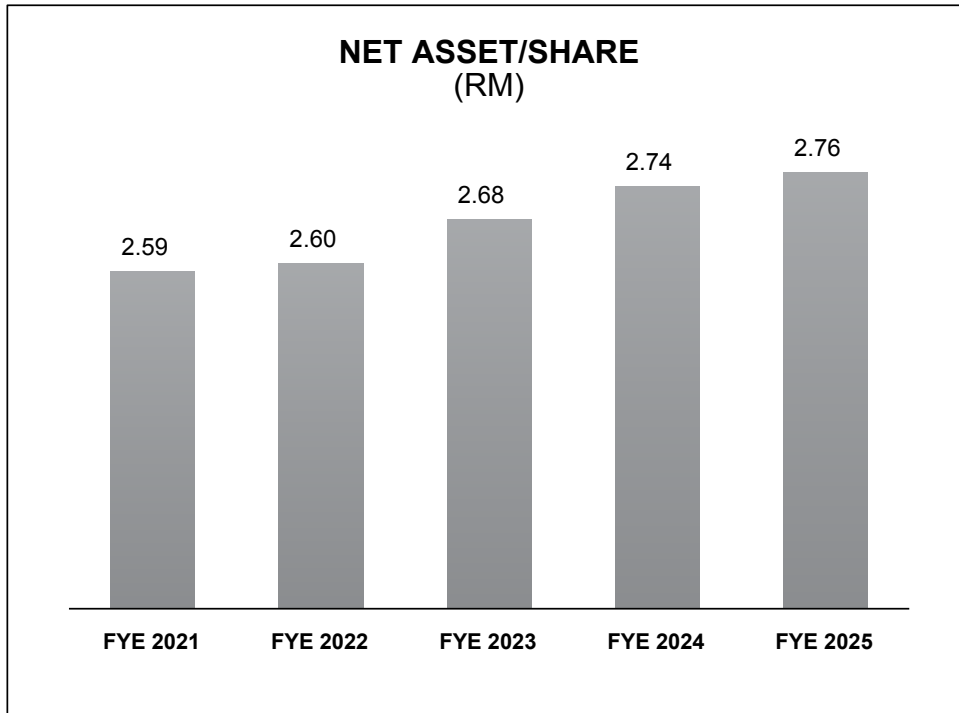
** Exclude Treasury Shares.



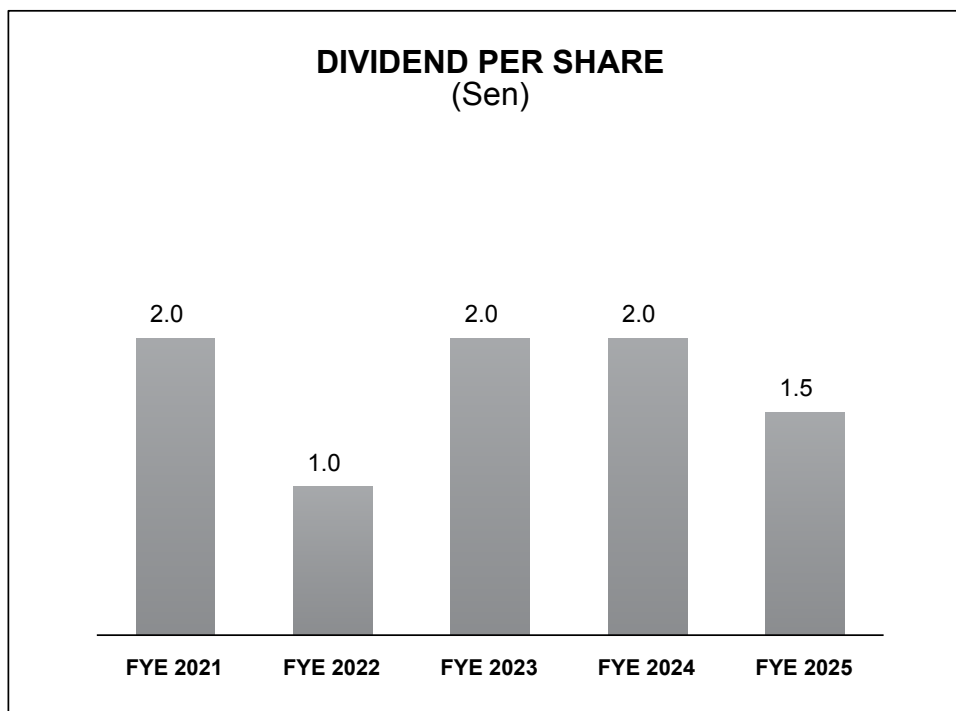
Management Discussion and Analysis



Management Discussion and Analysis



Management Discussion and Analysis



Revenue, Cost of Goods Sold and Gross Profit Margin

The Group recorded revenue of RM299.081 million in FYE 2025, representing an increase of RM2.045 million or 0.7% compared to RM297.036 million in FYE 2024. The increase was primarily driven by higher net sales volume of approximately 6%, from 86,749 metric tonnes (“MT”) in FYE 2024 to 91,979 MT in FYE 2025. However, the increase in revenue was partially offset by a decrease in the average selling price of approximately 5%, largely attributable to intensified price competition in a challenging market environment.

Cost of goods sold increased by RM3.926 million or 1.5%, from RM259.684 million in FYE 2024 to RM263.610 million in FYE 2025, mainly due to higher production volume and increased consumption of paper rolls, in meeting the increased net sales volume. Although the average purchase price of paper rolls declined during the financial year, the cost savings were insufficient to offset the higher volume of materials consumed, as well as increased labour and production overhead costs associated with scaling up operations.

As a result, gross profit decreased by RM1.881 million or 5% from RM37.352 million in FYE 2024 to RM35.471 million in FYE 2025, while the gross profit margin slightly declined from 13% in FYE 2024 to 12% in FYE 2025. The margin compression was mainly due to the reduction in average selling price, which was not fully offset by corresponding reductions in input and operating costs.

The operating environment in FYE 2025 remained challenging, characterised by persistent inflationary pressures, intensified pricing competition and ongoing geopolitical uncertainties, including global trade tensions and supply chain disruptions. These factors continued to exert pressure on both market demand and cost structures across the Group’s key operating segments.

Management Discussion and Analysis

The corrugated packaging division remained the cornerstone of the Group's business, contributing more than 90% of total revenue. Key industries such as the F&B, rubber and plastics, furniture, and E&E sectors, as well as independent corrugated converters (i.e. external customers without in-house corrugator facilities), which collectively accounted for approximately 74% of the Group's total sales in 2025.

In response to the challenging operating environment, the Group continued to focus on enhancing its product mix, particularly through increasing the contribution from higher value-added and customised packaging solutions. This enabled the Group to better meet evolving customer requirements while partially mitigating pricing pressures. At the same time, the Group maintained a strong focus on operational efficiency, cost optimisation and process improvements to manage rising cost pressures and support overall profitability.

Looking ahead, the Group expects the operating environment to remain competitive, with continued pressure from pricing competition and cost volatility. The Group will continue to adopt a prudent approach in managing its operations, with emphasis on cost control, operational efficiency and market diversification. The Group will also continue to strengthen its presence in higher value-added product segments, including customised and premium packaging solutions, to enhance margins and support sustainable long-term growth.

Other Income

Other income for FYE 2025 decreased to RM2.739 million from RM3.812 million in FYE 2024, representing a reduction of approximately RM1.073 million or 28%. The decrease was mainly attributable to lower other operating income during the financial year. This was primarily due to higher compensation claims received from suppliers for materials purchased recorded in FYE 2024. In addition, the Group recorded a lower gain on disposal of property, plant and equipment of approximately RM0.248 million in FYE 2025 compared to approximately RM0.610 million in the preceding year.

Overall, the decrease in other income reflects the absence of certain non-recurring or higher one-off income items recorded in FYE 2024.

Costs and Expenses

Total administrative and other expenses of the Group increased by approximately RM1.843 million or 6%, from RM29.997 million in FYE 2024 to RM31.840 million in FYE 2025.

Administrative expenses increased by approximately RM1.423 million or 8.2% from RM17.354 million in FYE 2024 to RM18.777 million in FYE 2025, mainly attributable to higher payroll-related expenses incurred during the year. This was primarily due to the revision of minimum wages from RM1,500 to RM1,700 effective 1 February 2025, which resulted in higher staff salaries and statutory contributions. The increase was further supported by additional manpower costs arising from the commencement of a newly established subsidiary involved in the flexible packaging material segment during the year.

Selling and marketing expenses increased by approximately RM0.583 million or 15% from RM3.959 million in FYE 2024 to RM4.542 million in FYE 2025, mainly driven by higher sales commission paid to sales personnel in line with the increase in net sales volume during the year.

Management Discussion and Analysis

On the other hand, other expenses decreased marginally by approximately RM0.163 million or 2% from RM8.684 million in FYE 2024 to RM8.521 million in FYE 2025, mainly reflecting lower operating expenses during the financial year.

Overall, the increase in costs and expenses was in line with the Group's business growth and operational requirements during the year. This increase, together with pricing pressures experienced during the year, contributed to the compression in the Group's profitability.

Profit Attributable to Owners of the Company

Profit attributable to owners of the Company decreased significantly by approximately RM2.634 million or 47%, from RM5.639 million in FYE 2024 to RM3.005 million in FYE 2025. The decline was mainly attributable to margin compression arising from pricing pressures, coupled with higher operating costs during the year, which collectively impacted the Group's overall profitability despite higher revenue.

Despite the impact, the Group remains focused on enhancing long-term profitability through continuous improvements in operational efficiency, disciplined cost management and strategic investments. These efforts are aimed at strengthening the Group's resilience and supporting sustainable long-term value creation.

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

Property, plant and equipment, investment properties as well as right-of-use assets of the Group increased by approximately RM2.586 million or 2%, from RM126.620 million in FYE 2024 to RM129.206 million in FYE 2025.

The increase was mainly driven by higher property, plant and equipment, which rose by approximately RM4.007 million primarily due to capital expenditures incurred during the financial year, particularly in assets-in-progress and plant and machinery, partially offset by depreciation charges and impairment losses recognised during the financial year.

This was mitigated by a decrease in right-of-use assets of approximately RM1.389 million, mainly attributable to depreciation of leased assets during the financial year, with minimal offset from lease reassessment and modification compared to the previous financial year. Investment properties remained relatively stable with no significant movement.

Property Development Costs

Property development costs (comprising both non-current land held for future development and current properties under development for sale) increased by approximately RM0.915 million or 3%, from RM33.023 million in FYE 2024 to RM33.938 million in FYE 2025. This was primarily driven by additional development costs incurred during the financial year for both development segments, indicating continued progress in the Group's property development activities.

Management Discussion and Analysis

Inventories

Inventories of the Group decreased by approximately RM5.121 million or 11%, from RM47.578 million in FYE 2024 to RM42.457 million in FYE 2025. The decrease was mainly attributable to improved inventory management and more efficient procurement planning, whereby raw materials, particularly paper rolls which remained the Group's key cost component, were procured based on actual production requirements. This demand-driven approach enabled the Group to better align inventory levels with operational needs, thereby reducing excess stock holding while supporting increased production and sales volume during the year.

The effectiveness of these efforts is reflected in the improvement in inventory turnover, with inventory turnover days reducing from an average of 69 days in FYE 2024 to an average of 62 days in FYE 2025, indicating enhanced inventory efficiency and working capital management.

The Group continues to adopt the First-In-First-Out ("FIFO") method and maintains close monitoring of inventory levels to minimise holding costs and reduce the risk of obsolescence. No inventory write-downs were recorded during the financial year. The Group also recorded a reversal of inventories previously written down amounting to approximately RM0.152 million (FYE 2024: approximately RM0.199 million), which was not material to the overall inventory balance.

Looking ahead, the Group remains vigilant in monitoring raw material price movements, particularly paper rolls, and will continue to adopt a prudent and demand-driven approach to inventory management. Amid ongoing geopolitical uncertainties and potential supply chain disruptions, the Group will continue to balance inventory sufficiency with cost efficiency to support sustainable operations and long-term value creation.

Trade Receivables

Trade receivables increased by approximately RM4.558 million or 7.0%, from RM65.113 million in FYE 2024 to RM69.671 million in FYE 2025. The increase was broadly in line with higher revenue generated during the financial year, primarily driven by increased sales volume, particularly in the fourth quarter of 2025, despite a slight reduction in average selling prices offered to customers compared to the preceding year.

Trade receivables turnover days (calculated as average trade receivables divided by total sales for the year) increased from an average of 76 days in FYE 2024 to an average of 82 days in FYE 2025, reflecting a slightly longer collection period during the year. The higher receivables balance at year end was partly attributable to timing differences, as a significant portion of sales was recorded towards the end of the financial year, with collections expected in the subsequent period in line with the Group's average credit terms of 60 to 90 days.

Notwithstanding the above, the Group continued to maintain prudent credit control measures, supported by regular monitoring of customer creditworthiness and close follow-up on collections to mitigate credit risk exposure. No significant impairment was recognised during the financial year. The Group recorded a net reversal of impairment losses on trade receivables of approximately RM0.037 million in FYE 2025 (FYE 2024: net impairment losses on trade receivables of approximately RM0.150 million), reflecting improved recoverability and overall credit quality of receivables.

Looking ahead, the Group will continue to adopt disciplined credit management practices while supporting business growth, ensuring a balanced approach between revenue expansion and effective credit risk management.

Management Discussion and Analysis

Other Receivables, Deposits and Prepayments

Other receivables, deposits and prepayments of the Group decreased by approximately RM0.932 million or 21%, from RM4.540 million in FYE 2024 to RM3.608 million in FYE 2025. The decline was mainly attributable to lower progressive payments and deposits made to vendors during the year, which amounted to approximately RM1.279 million in FYE 2025 compared to approximately RM2.616 million in FYE 2024. These payments were related to the Group's capital expenditure commitments, particularly for the purchases of plant and machinery in support of its planned upgrade and capacity enhancement initiatives. Nonetheless, this was partially offset by higher prepayments recorded during the year.

Trade Payables

Trade payables of the Group increased by approximately RM5.654 million or 31%, from RM18.535 million in FYE 2024 to RM24.189 million in FYE 2025. This increase was primarily in line with the higher net sales volume achieved during the year, which required 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 higher volume of paper rolls procured to support the increased production demand during the financial year. In doing so, the Group continued to leverage supplier credit terms, which supported its working capital management while meeting operational requirements.

Furthermore, Management maintained a focus on prudent working capital management, ensuring that the increase in trade payables remained aligned with production and procurement needs. Payments to suppliers were managed in accordance with agreed credit terms, contributing to effective cash flow management during the year.

As a result, the Group's trade payables turnover days (calculated as average trade payables divided by total purchases for the year) increased from an average of 26 days in FYE 2024 to an average of 30 days in FYE 2025. This reflects a slightly longer payment cycle, consistent with the higher volume of purchases and timing of payments to suppliers during the year.

Overall, the increase in trade payables balances reflects the Group's operational requirements to support business growth, while maintaining a balanced and disciplined approach to working capital management.

Loans and Borrowings

The Group's total loans and borrowings, comprising both current and non-current facilities, decreased marginally by approximately RM0.387 million or 0.4%, from RM98.620 million in FYE 2024 to RM98.233 million in FYE 2025.

The slight decrease was mainly attributable to lower term loan and hire purchase balances following scheduled repayments during the financial year. This was partially offset by higher utilisation of bankers' acceptances ("BA") facilities, which were primarily used to finance the procurement of raw materials, particularly paper rolls, in line with higher production and sales volume.

Management Discussion and Analysis

Overall, the Group maintained a relatively stable borrowing level during the year, reflecting a balanced approach between debt repayment and working capital funding requirements. As a result, the Group's gearing ratio (defined as net debt divided by total capital, i.e. net debt plus shareholders' equity) remained relatively stable, with a slight improvement from 25% in FYE 2024 to 24% in FYE 2025. This indicates that the Group continues to maintain a prudent and disciplined capital structure, ensuring that its borrowings are aligned with operational needs while supporting sustainable growth.

Lease Liabilities

The Group's total lease liabilities, comprising both current and non-current portions, decreased by approximately RM1.051 million or 53%, from RM1.983 million in FYE 2024 to RM0.932 million in FYE 2025.

The decrease was primarily attributable to repayments of lease liabilities during the financial year, amounting to approximately RM1.057 million, coupled with significantly lower additions of new leases compared to the preceding year. In contrast to FYE 2024, where lease liabilities increased due to new lease arrangements and lease reassessment, there were minimal new lease commitments and reassessment adjustments in FYE 2025.

Overall, the reduction in lease liabilities reflects the Group's lower reliance on lease financing during the year, while continuing to manage its lease commitments in a prudent manner aligned with its operational requirements and financial capacity.

Liquidity, Capital Resources and Capital Expenditure

The Group's capital expenditure and working capital requirements in FYE 2025 were primarily financed through internally generated funds and supplemented by working capital financing from financial institutions. This approach remains consistent with the Group's prudent financial management policy of aligning funding sources with the nature and tenure of its investments.

During the financial year, the Group continued to incur capital expenditures, mainly for plant and machinery upgrades and ongoing development projects to enhance production capacity and operational efficiency, albeit at a lower level compared to FYE 2024 which involved acquisitions of industrial leasehold land. As a result, net cash used in investing activities decreased to RM18.172 million in FYE 2025 from RM36.534 million in FYE 2024. Despite the lower capital expenditure, property, plant and equipment recorded a net increase during the year, as additions exceeded depreciation charges.

The Group recorded a significantly higher net cash inflow from operating activities of RM29.513 million in FYE 2025 compared to RM11.278 million in FYE 2024. This improvement was mainly driven by favourable working capital movements, particularly lower inventories, higher trade payables and reduced property development costs during the year, reflecting improved inventory management and procurement planning. This was partially offset by an increase in trade and other receivables, mainly arising from higher sales towards the end of the financial year. The strong operating cash flow was supported by effective working capital management and remained sufficient to fund the Group's operational and investment needs during the year.

Management Discussion and Analysis

In contrast, net cash used in financing activities amounted to RM6.051 million in FYE 2025, compared to net cash generated of RM27.711 million in FYE 2024. The outflow in FYE 2025 was mainly attributable to the absence of new term loan drawdowns during the year, coupled with repayments of existing borrowings. In comparison, FYE 2024 saw significant financing inflows arising from term loan drawdowns for land acquisitions and higher utilisation of trade financing facilities. This reflects the Group's reduced reliance on external financing in FYE 2025, supported by stronger internally generated cash flows.

Overall, the Group recorded a net increase in cash and cash equivalents of RM5.290 million, from RM61.541 million as at 31 December 2024 to RM66.824 million as at 31 December 2025, primarily supported by stronger operating cash flows during the year.

From a liquidity perspective, the Group continued to maintain a healthy financial position, with a current ratio of 1.99 times (2024: 2.15 times) and an acid test ratio of 1.57 times (2024: 1.64 times), indicating its ability to meet short-term obligations using available liquid resources. Overall, the Group's liquidity position remained sound, supported by strong cash generation and disciplined working capital management.

The Group remains committed to maintaining a balanced capital structure while continuing to invest in plant and machinery upgrades to support operational efficiency and long-term growth. Management will continue to monitor its cash flow position, funding requirements and capital expenditure plans to ensure alignment with the Group's strategic objectives and long-term sustainability.

REVIEW OF OPERATING ACTIVITIES

In RM'000 (unless otherwise stated)	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
GROSS PROFIT MARGIN (%)	12%	10%	13%	13%	12%
EBITDA MARGIN (%)	8%	7%	9%	8%	7%
REVENUE PER AVERAGE EMPLOYEE	338	357	293	308	307
EBITDA PER AVERAGE EMPLOYEE	27	24	26	25	22
NUMBER OF AVERAGE EMPLOYEES (PAX)	936	922	951	966	975

The Group is primarily involved in two (2) core operating segments, namely the corrugated packaging business and paper-based stationery products. In addition, the Group commenced operations in a new flexible packaging material segment in FYE 2025 through a newly established subsidiary, Ornapack Sdn. Bhd. (formerly known as Ornaflex Solutions Sdn. Bhd.), which began its sales and production operations in the fourth quarter of 2025 and has yet to contribute materially to the Group's overall performance.

Over the past five (5) financial years from FYE 2021 to FYE 2025, the Group's operating performance has reflected its ability to navigate cyclical market conditions, characterised by fluctuations in raw material prices, pricing pressures and evolving demand dynamics across its core industries.

Management Discussion and Analysis

The Group's gross profit margin ranged between 10% and 13% over the five-year period, improving from 10% in FYE 2022 to 13% in both FYE 2023 and FYE 2024, before moderating slightly to 12% in FYE 2025. This trend reflects the Group's continuous efforts in optimising product mix, enhancing operational efficiency and managing cost pressures, albeit partially offset by competitive pricing environment and volatility in raw material costs, particularly paper rolls.

Similarly, the Group's earnings before interest, taxes, depreciation and amortisation ("EBITDA") margin remained relatively stable within a range of 7% to 9% over the same period, peaking at 9% in FYE 2023 before easing to 7% in FYE 2025. The moderation in margin in recent years was mainly attributable to rising operating costs, including labour-related expenses and capacity expansion initiatives, as well as margin compression arising from pricing pressures.

From a productivity perspective, revenue per average employee fluctuated over the five-year period, declining from RM0.357 million in FYE 2022 to RM0.293 million in FYE 2023, before recovering to RM0.308 million in FYE 2024 and stabilising at RM0.307 million in FYE 2025. EBITDA per employee remained relatively stable over the period, albeit with a slight downward trend in recent years, reflecting the impact of margin compression and higher operating costs. The Group's workforce increased gradually from 936 employees in FYE 2021 to 975 employees in FYE 2025, in line with its expansion in production capacity and operational scale.

Overall, the Group has demonstrated resilience in maintaining stable operating margins and productivity levels over the five-year period, supported by continuous operational improvements, disciplined cost management and strategic investments. The Group remains focused on strengthening its operational efficiency and sustaining long-term profitability amidst a challenging and competitive business environment characterised by pricing pressures, fluctuations in raw material costs and broader global economic uncertainties.

The Group continues to pursue an organic growth strategy focused on expanding its revenue base while improving operational profitability. This includes targeted reinvestment into core operations, continuous customer base development and the implementation of cost optimisation initiatives across its manufacturing facilities. At the same time, the Group remains open to exploring strategic merger and acquisition opportunities that offer value-accretive potential and are aligned with its long-term objectives, subject to sound commercial rationale and appropriate valuation.

(i) Corrugated Packaging Segment

The corrugated 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.

Over the five-year period, the corrugated packaging segment's revenue (before intercompany sales elimination) exhibited cyclical movements, peaking at approximately RM353.853 million in FYE 2022 before declining to RM293.007 million in FYE 2023, and subsequently recovering to RM315.738 million in FYE 2024 and RM326.270 million in FYE 2025. The recovery in recent years was mainly driven by higher sales volume and improved demand from key industries, although growth remained moderated by pricing pressures.

Management Discussion and Analysis

Cost of goods sold (before intercompany purchases elimination) moved broadly in line with revenue trends, reflecting the significant reliance on paper rolls as the primary raw material. Fluctuations in raw material prices and consumption levels, with prices showing some signs of easing but remaining volatile, continued to be the key drivers of cost movements throughout the period.

Gross profit (before intercompany eliminations) remained relatively stable within a range of approximately RM32.629 million and RM36.712 million over the five years, with gross profit margins ranging between 9% and 12%. The margin improved from 9% in FYE 2022 to 12% in FYE 2023 and moderated slightly to 11% in FYE 2024 and FYE 2025. This reflects ongoing pricing pressures and cost fluctuations, partially mitigated by improvements in product mix and operational efficiency.

Profit before taxation (before intercompany eliminations) declined from RM11.545 million in FYE 2021 to RM5.964 million in FYE 2022, before gradually recovering to RM8.363 million in FYE 2023 and RM9.029 million in FYE 2024. In FYE 2025, profit before taxation moderated to approximately RM6.986 million, reflecting the impact of margin compression and higher operating costs despite higher revenue.

During FYE 2025, the corrugated packaging segment continued to serve a diverse portfolio of industries, with key sectors including the F&B, rubber and plastics, furniture and E&E industries, as well as independent corrugated converters (i.e. external customers without in-house corrugator facilities), collectively accounting for approximately 74% of the Group's total revenue. This comprised approximately 22% from the F&B industry, 19% from independent corrugated converters, 12% each from the rubber and plastics as well as the furniture industries, and 9% from the E&E industry. These contributions remained largely consistent with the preceding year, reflecting continued stability in the Group's core market segments and customer base.

Overall, the corrugated packaging segment demonstrated resilience over the five-year period, with performance declining in FYE 2022 before recovering in FYE 2023 and FYE 2024, and moderating slightly in FYE 2025. The recovery was supported by improved demand, capacity expansion and operational efficiencies, while recent performance reflects the impact of pricing pressures and higher operating costs, amidst a challenging operating environment characterised by volatility in raw material prices and broader global economic uncertainties. The Group remains committed to strengthening this core segment through continued investments in machinery, process optimisation and product innovation to enhance competitiveness and support sustainable long-term growth.

(ii) Paper-Based Stationery Segment

The paper-based stationery segment of the Group is operated by Ornapaper Plus Sdn. Bhd. (formerly known as Quantum Rhythm Sdn. Bhd.), 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 continue to form the majority of the segment's revenue, reflecting its focus on in-house production, particularly in stationery paper products.

Management Discussion and Analysis

Over the five-year period, the segment's revenue (before intercompany sales elimination) exhibited a relatively stable but fluctuating trend, increasing from RM15.448 million in FYE 2021 to RM21.177 million in FYE 2024, before declining to RM15.899 million in FYE 2025. The decline in FYE 2025 was mainly attributable to lower sales volume across key product categories, particularly stationery paper products for export markets, as reflected by an overall reduction in sales quantity during the year. This was further impacted by a slight decrease in average selling prices, reflecting continued pricing pressures in a competitive market environment.

Cost of sales (before intercompany purchases elimination) generally moved in line with revenue trends, given the segment's reliance on paper rolls as the primary raw material. Over the period, fluctuations in raw material prices and consumption levels remained the key drivers of cost movements. In FYE 2025, cost of sales decreased in line with lower sales volume. However, margin pressures persisted due to the combined effect of lower selling prices and relatively fixed cost structures.

Gross profit (before intercompany eliminations) remained modest and volatile over the five-year period. The segment recorded positive gross profit from FYE 2022 to FYE 2024, peaking at RM0.416 million in FYE 2023 before declining significantly to RM0.064 million in FYE 2024. In FYE 2025, the segment recorded a gross loss of approximately RM0.759 million, primarily due to lower sales volume and continued pricing pressures. Gross profit margins remained thin throughout the period, reflecting the competitive nature of the segment and its sensitivity to fluctuations in selling prices and input costs.

The segment recorded losses before and after taxation (before intercompany eliminations) throughout the five-year period, with losses narrowing from RM3.582 million in FYE 2021 to RM0.605 million in FYE 2023, before widening again to RM0.984 million in FYE 2024 and RM2.226 million in FYE 2025. The weakening in FYE 2025 was mainly attributable to the gross loss recorded during the year, coupled with ongoing operating expenses required to support the segment's operations.

Based on the sales analysis for FYE 2025, manufacturing items continued to contribute the majority of revenue, accounting for approximately 91% of total sales, while trading items contributed the remaining 9%. Within manufacturing items, stationery paper products remained the dominant contributor, although sales volume declined significantly during the year, particularly for export-oriented products. The decline in volume, coupled with a slight reduction in average selling prices, was the key factor affecting the paper-based stationery segment's overall performance.

Overall, the paper-based stationery segment faced a challenging operating environment over the five-year period, characterised by pricing pressures, demand fluctuations and cost volatility. While the segment demonstrated improvement up to FYE 2023, recent performance reflects the impact of lower sales volume and margin compression.

In response, the Group is progressively repositioning this segment towards higher value-added products, including a broader range of paper-based packaging solutions, while continuing to enhance cost efficiency and optimise production processes. This strategic shift is aimed at improving long-term sustainability and aligning the segment with evolving market demand.

Management Discussion and Analysis

RISK FACTORS EXPOSURE

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

(i) Economic Risk

The Group operates in a highly competitive environment amid global economic uncertainties, including geopolitical developments, evolving trade policies and tariff measures, supply chain disruptions, tighter monetary conditions and persistent inflationary pressures. These factors, together with fluctuations in raw material and energy prices, may affect demand, moderate sales growth and exert pressure on margins and working capital.

In response, the Group adopts a proactive and disciplined approach, focusing on enhancing operational efficiency, optimising production processes, maintaining product quality and innovation, strengthening customer relationships to support sales stability, and closely monitoring receivables. The Group also maintains prudent cash flow and working capital management, implements cost optimisation initiatives and enforces health and safety standards across its operations to ensure continuity of operations. Collectively, these measures are aimed at enhancing resilience, ensuring operational continuity and safeguarding the Group's financial position amid ongoing economic uncertainties.

(ii) Volatile Key Raw Material Prices

The Group relies heavily on paper rolls, which account for more than 60% of total production costs. Prices of paper rolls are influenced by global wood pulp markets and are subject to volatility arising from supply-demand imbalances, geopolitical developments, inflationary pressures and currency fluctuations. In addition to price volatility, disruptions in supply availability may also impact production continuity.

To mitigate these risks, the Group adopts a proactive and disciplined approach, including rigorous procurement planning, continuous monitoring of raw material costs, and optimisation of production processes to reduce waste and enhance yield efficiency. The Group also maintains close collaboration with suppliers to improve sourcing flexibility and ensure supply continuity. Where appropriate, adjustments to selling prices are made to partially offset cost increases while maintaining market competitiveness. Collectively, these measures are aimed at strengthening the Group's resilience in managing raw material price fluctuations and sustaining operational performance in a challenging cost environment.

(iii) Foreign Currency Risk

The Group operates in an environment that remains challenging amid ongoing global economic uncertainties, including inflationary pressures and the risk of a global economic slowdown. The volatility of the Malaysian Ringgit ("MYR") against key currencies such as the US dollar ("USD"), Renminbi ("RMB"), Singapore dollar ("SGD") and Euro ("EUR") may adversely affect the Group's cost structure and profit margins.

Management Discussion and Analysis

The Group is principally exposed to foreign currency risk through the export of paper-based stationery products and the import of raw materials and machinery denominated in USD, RMB, SGD and EUR, particularly when these currencies strengthen against the MYR.

The Group does not adopt a formal hedging policy but may enter into forward contracts on a selective basis when deemed appropriate. Foreign currency exposure is managed through close monitoring of exchange rate movements, prudent cash flow planning and increased sourcing from local suppliers to reduce reliance on imported raw materials. These measures help mitigate the impact of currency fluctuations and support the Group's cost management efforts.

(iv) Competitive Risk

The corrugated and paper packaging industry remains highly competitive, with larger and well-established players benefiting from economies of scale and greater control over upstream supply chains. These companies are better positioned to absorb cost increases, adopt new technologies and implement flexible pricing strategies. In contrast, smaller players may face challenges in maintaining profit margins due to limited access to capital for technological upgrades and weaker bargaining power in procuring raw materials, particularly during periods of supply constraints or price volatility in key inputs such as paper rolls. Such pressures may lead to higher production costs, which are often passed on to customers through increased selling prices, making it more difficult for smaller players to remain competitive. In addition, these dynamics may drive consolidation within the industry, with larger players acquiring smaller competitors to expand market share.

In this environment, the Group focuses on maintaining and strengthening its market position by diversifying its customer base across multiple industries and product segments, thereby reducing reliance on any single market and mitigating competitive pressures. The Group also emphasises workforce development through training programmes aimed at enhancing productivity, reducing waste and maintaining high product quality and service standards. Continuous investments in automation and plant expansion further improve operational efficiency and scalability, enabling the Group to optimise costs and offer competitive pricing, thereby supporting its resilience in an increasingly competitive landscape.

(v) Credit risk

The Group is exposed to credit risk arising from customers' ability to meet their financial obligations, particularly in a challenging economic environment. Weak market sentiment and ongoing uncertainties in both global and domestic economic conditions may affect customers' payment behaviour, potentially resulting in delayed collections or defaults. Concentration of credit exposure within certain industries or customers may further increase this risk.

To mitigate these risks, the Group maintains established credit control policies and procedures, including regular monitoring of receivables, assessment of customer creditworthiness and the application of appropriate credit limits and terms. Where necessary, the Group may negotiate revised payment arrangements or impose tighter credit controls.

Despite the challenging business environment, the majority of the Group's trade receivables continue to be collected within approved credit terms, reflecting the effectiveness of its credit management practices.

Management Discussion and Analysis

FUTURE OUTLOOK

The Group continues to operate in an environment characterised by ongoing global and domestic uncertainties, including geopolitical developments, evolving trade policies, inflationary pressures and supply chain disruptions. While domestic economic activity remains supportive, the external landscape is expected to remain challenging and may continue to affect business sentiment, cost structures and demand dynamics. In this environment, the Group remains focused on maintaining operational resilience and financial discipline to navigate short-term uncertainties.

The corrugated packaging industry is expected to benefit from continued industrial activity, expansion of e-commerce and increasing demand for efficient and sustainable packaging solutions. In line with the global shift towards sustainability and increasing regulatory and policy initiatives to reduce plastic usage and promote environmentally friendly alternatives, businesses are progressively adopting biodegradable and recyclable materials, which are expected to support long-term demand for paper-based packaging products. This trend continues to underpin the Group's core corrugated packaging segment, while also supporting the Group's expansion into broader paper-based packaging solutions. The Group is well-positioned to leverage its established manufacturing capabilities and customer relationships to capture these evolving market opportunities.

Notwithstanding these developments, the Group remains mindful of ongoing cost pressures arising from raw material price volatility, particularly paper rolls, as well as fluctuations in foreign exchange rates. These factors may continue to affect production costs and profit margins, necessitating disciplined cost management and operational efficiency. In addition, the Group remains vigilant over potential fluctuations in logistics and energy costs, which may further impact overall cost structures.

In response, the Group continues to strengthen its operational resilience through proactive procurement planning, supplier diversification and optimisation of production processes. Selective hedging strategies may be adopted where appropriate to manage exposure to foreign currency fluctuations. The Group also maintains prudent cash flow management and disciplined capital allocation to safeguard its financial position. Continuous efforts are also undertaken to enhance productivity, reduce operational inefficiencies and improve overall cost competitiveness.

In addition, the Group is progressively repositioning its paper-based stationery segment towards higher value-added paper-based packaging solutions, including food-grade packaging products such as wrapping paper, paper trays and paper bags, as well as retail and shopping paper bags. This strategic shift is aimed at capturing new growth opportunities, diversifying revenue streams and aligning the segment with evolving market demand, particularly in sustainable and environmentally friendly packaging applications. The Group's flexible packaging segment, which commenced operations in 2025, is also expected to complement its overall packaging capabilities over time. Collectively, these initiatives support the Group's transition towards a more diversified and integrated packaging solutions provider.

Management Discussion and Analysis

Sustainability remains a key focus area, with the Group continuing to enhance its economic, environmental, social and governance (“EESG”) initiatives, including efforts in energy efficiency, waste reduction and sustainable sourcing. The increasing shift towards eco-conscious consumption presents opportunities for the Group to further strengthen its market position through innovation in sustainable packaging solutions, while supporting long-term value creation. The Group also continues to align its sustainability practices with regulatory expectations and industry standards to ensure long-term business sustainability.

The Group also recognises the importance of human capital in supporting its long-term growth. Continuous investment in talent development, employee engagement and workforce capabilities remains a priority to ensure operational effectiveness and competitiveness. Efforts are also directed towards fostering a strong organisational culture and retaining skilled talent to support future expansion plans.

Looking ahead, the Group will continue to focus on key strategic priorities, including enhancing production efficiency through automation and technology investments, expanding into new market segments and geographies, where appropriate, to diversify revenue streams, broadening its customer base and product offerings, strengthening working capital management and reinforcing risk management practices. The Group will also continue to evaluate strategic opportunities that are aligned with its long-term growth objectives and capable of delivering sustainable returns.

Overall, the Group remains focused on navigating a challenging operating environment through prudent management, operational discipline and strategic execution, while positioning itself to capture opportunities arising from evolving market trends and sustain long-term value creation for its stakeholders. With its established market presence, diversified customer base and ongoing strategic initiatives, the Group is committed to strengthening its competitive position and delivering sustainable growth over the long term.

DIVIDEND

A final single-tier dividend of 2 sen per ordinary share (net of treasury shares) was distributed to the shareholders on 20 May 2025 for the FYE 2024, amounting to approximately RM1.483 million. Besides, a final single-tier dividend of 1.5 sen per ordinary share (net of treasury share) in respect of the current FYE 2025 has been declared for payment on 7 May 2026 to shareholders registered in the Register of Members on 22 April 2026, amounting to approximately RM1.112 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 of Ornapaper Berhad (“Ornapaper” or “the Company”) (“the Board”) 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 (“SC”). The Board is firmly committed to promoting a culture of accountability and transparency across all levels of the organisation, which is 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 three principles of the MCCG, as well as the extent of compliance with principles 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 2025 (“FYE 2025”), 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 of Bursa Securities. 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 (“the 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 expertise in corrugated packaging operations, business management, company secretarial practices, auditing, accountancy and legal matters. 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 (“EES”) 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 Group, 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;

Corporate Governance Overview Statement

- 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 Group, as well as Key Senior Management of the Group;
- Ensure that all Directors of the Group 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 Group, 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 Group, 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 EES matters and potential business risks are 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 EES considerations;
- Regularly review the division of responsibilities among 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 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 a meeting 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 the MCCG, the 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.

The Independent Non-Executive Directors ("INEDs") play an important role in ensuring that strategies proposed by the Management are thoroughly 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 an appropriate level of authority and discretion to the Executive Directors, representing the Management, as well as to the 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* and approved policies. Minutes of all Board Committee meetings are tabled for the Board's notation at the relevant Board meetings. In addition, the respective Committee's Chairpersons provide the Board with reports on key matters deliberated and recommendations made by the Committees.

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

The Board is further supported by professional Chartered Secretaries, who assist in ensuring that its duties are discharged efficiently and effectively. Details of the Company Secretaries are disclosed in Practice 1.5 of the CG Report.

- **Board Charter**

The Board is guided by a formal *Board Charter*, which has been approved by the Board and serves as a key reference in the discharge of its duties and responsibilities. The Board Charter sets out the board structure, which includes the board composition, appointment and re-election process, time commitments, tenure and independence of Independent Directors, qualifications, vacation of office and removal of Directors. It also sets out the roles and responsibilities of the Board, Board Committees, Chairman of the Board, CED and Executive Directors, NED and Company Secretaries, as well as matters reserved for the Board's deliberation and decision. In addition, the Board Charter covers the Board activities and processes, including board meetings, Directors' training, Directors' remuneration and Board and individual Directors' assessments. It further addresses matters relating to financial reporting, access to information and independent advice, stakeholder engagement, general meetings ("GMs") and attendance, conflict of interest, the code of conduct for Directors, as well as the Group's governance responsibilities.

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 at 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 that these principles are fundamental to ensuring long-term business sustainability. In line with this commitment, 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 in promoting a culture of integrity and ethical behaviour across the Group, and its principles are embedded within the Employee Handbook.

To further enhance the ethical culture within the Group, the Board has also established a formal *Anti-Bribery and Corruption Framework* to effectively manage and mitigate risks associated with bribery and corruption. The Anti-Bribery and Corruption Framework forms part of the Group's ongoing commitment to conducting business in a responsible and ethical manner at 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.

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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 concerns involving suspected misconduct, unethical behaviour, breaches of the Group's Code of Conduct, violations of the Anti-Bribery and Corruption Framework, legal non-compliance, or accounting and audit-related matters. Reports made in good faith will be handled with strict confidentiality and without fear of reprisal. Further disclosure pertaining to the Whistleblowing Policy is disclosed in Practice 3.2 of the CG Report.

The Code of Conduct, the Anti-Bribery and Corruption Framework and the 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 FYE 2025, five (5) Board 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	4/5

[^] Resigned on 21 January 2026

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 of the Board ensured that sufficient time was allocated for each agenda item to enable comprehensive discussion and proper deliberation of all matters tabled, prior to the Board making its decision.

It is the Company's practice that meetings of the Board Committees are held separately from Board meetings, to allow for focused and in-depth deliberation on matters within the respective Committees' scope of responsibilities.

All proceedings and deliberations of Board meetings are properly recorded in the minutes, which are prepared and maintained by the Company Secretaries. The Company Secretaries ensure that all Board meetings are duly convened, and that accurate records of the deliberations, proceedings and resolutions passed are maintained.

Between scheduled Board meetings, where exceptional and urgent matters arise requiring immediate Board approval, such approvals may be obtained via the circulation of Board resolutions. These circular resolutions are supported 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.

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- **Supply of Information**

The Board members, in their individual capacity, have unrestricted access to complete and timely information in the form and quality necessary to discharge their duties and responsibilities effectively. All Directors are notified of Board meetings within the stipulated timeframe before the meeting date. Notices and agendas for each meeting are circulated to all Directors no later than five (5) working days before the scheduled Board Meetings. This is to ensure that the Directors have sufficient time to obtain a comprehensive understanding of the matters to be deliberated, enabling them to make informed decisions and discharge their duties responsibly.

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

In addition, Directors may, at their own discretion, seek independent professional advice on specific matters, with the cost borne by the Company, to enable them to provide independent and professional views to the Board.

Directors also have access to the services of the Company Secretaries, who are responsible for ensuring that Board procedures are followed and providing advice on governance, regulatory and procedural matters.

Details of the Board's meeting materials and supply of information are disclosed in Practice 1.6 of the CG Report.

- **Composition of the Board**

The Group is headed by an effective Board with the right mixture of knowledge, expertise and diverse academic and professional backgrounds, enabling it to discharge its stewardship responsibilities and spearhead the Group's growth and strategic direction.

The appointment and re-appointment of Directors of the Group are governed by the *Policy and Procedure on Nomination and Appointment of Director and Senior Management and Re-Appointment of Director* and the *Fit and Proper Policy*, both 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 Board evaluation exercises, as well as the Director's performance and tenure.

In February 2025, the NC conducted a review of the Board composition, effectiveness of the Board and Board Committees, and 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, consisting of four (4) Executive Directors, one (1) Non-Independent and Non-Executive Director, and three (3) INEDs. One INED, whose tenure had reached the cumulative limit of twelve (12) years, resigned on 21 January 2026, and a new INED was subsequently appointed on 1 February 2026 to fill the vacancy. The profiles of the Directors are set out in the Directors' Profile section of this Annual Report.

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The current composition of INEDs complies with the minimum requirement prescribed under the MMLR of Bursa Securities, thereby ensuring a sufficient level of independence on the Board to provide effective checks and balances.

The Board acknowledges that its current composition departs from Practice 5.2 of the MCCG, which recommends that at least half of the Board comprises INEDs. Presently, INEDs constitute 37.5% of the Board.

Notwithstanding this, the Board is satisfied that an appropriate level of independence is maintained, taking into account the results of formal evaluations conducted on the Board as a whole and on the independence of the INED. The INEDs are professionals with diverse skills, knowledge and experience across relevant fields, and have consistently demonstrated independence, objectivity and active participation in Board and Board Committees' deliberations. Accordingly, the Board is of the view that there is no undue concentration of power or imbalance of authority between the Non-Independent and Independent Directors.

The Board remains committed to strengthening its composition and, as part of its medium-term priorities, will seek to appoint additional INEDs to achieve full compliance with Practice 5.2 of the MCCG.

- **Board Diversity**

The Board recognises the importance of diversity at both the Board and senior management levels. Board diversity, including gender diversity, is taken into consideration as part of the criteria in the nomination and appointment of new Directors.

The appointment of new Directors and Key Senior Management, as well as the re-appointment of Directors, are governed by the *Policy and Procedure on Nomination and Appointment of Directors and Senior Management and Re-Appointment of Directors*. The selection criteria are further guided by the *Fit and Proper Policy*, which assesses candidates based on probity, personal integrity, reputation, financial integrity, experience and competency, as well as time commitment, including other directorships in public and private companies. Additional considerations include relevant skills, diversity of backgrounds, Board and Senior Management diversity requirements, knowledge and expertise in sustainability oversight and management, and independence in the case of Independent Directors.

It is also the Board's policy that active politician shall not be appointed as Directors of the Group. In line with this policy, the Board confirms that, as at the date of this CG Overview Statement, no active politician serves on the Board of the Company or any of its subsidiaries. Further details on the procedure and criteria for the appointment and re-appointment of Directors and Key Senior Management, are set out under Practice 5.5 of the CG Report, while disclosure on Board diversity pursuant to the aforesaid policy may be found under Practice 5.10 of the CG Report.

Currently, the Board comprises one (1) woman Director. This represents a departure from Practice 5.9 of MCCG, which recommends at least 30% women representation on the Board. Nevertheless, in line with the *Board Charter*, the Board remains committed to maintaining at least one (1) woman Director and will continue to promote gender diversity at both the Board and senior management levels. Further details are disclosed under Practices 5.9 and 5.10 of the CG Report.

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

The appointment of new Directors to the Board and members of Key Senior Management is undertaken based on the recommendation of the NC to the Board for consideration and approval. The relevant processes and criteria, including fit and proper assessment and conflict of interest checks, are set out in the *Policy and Procedure on Nomination and Appointment of Directors and Senior Management and Re-Appointment of Directors*, as well as the *Fit and Proper Policy*.

In line with Practice 5.6 of the MCCG, the NC is required to source candidates from independent channels, in addition to recommendations from existing Directors and major shareholders. Notwithstanding this, all current Directors of the Company were appointed based on recommendations from the Board and existing shareholders, without sourcing candidates from independent channels. This represents a departure from Practice 5.6 of the MCCG.

Pursuant to the MMLR of Bursa Securities 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. Directors retiring by rotation are eligible for re-election by shareholders.

All newly appointed Directors are subject to retirement at the next AGM following their appointment. Thereafter, all Directors, including the CED, retire at regular intervals of at least once every three (3) years and are eligible for re-election. The processes and criteria for re-appointment are governed by 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*. Recommendations for the re-appointment of retiring Directors at the AGM are made by the NC to the Board, following satisfactory outcomes of fit and proper assessments, conflict of interest checks, independence assessments (for INEDs) and performance evaluations conducted by the NC.

In April 2025, the NC evaluated the Directors retiring pursuant to Clause 120 of the Company's Constitution. Having been satisfied with their performance, contribution, character, integrity, competence, and time commitment, the NC recommended their re-appointment at the Twenty-Third AGM ("23rd AGM"). To facilitate informed decision-making by shareholders, the notes to the AGM agendas included disclosures confirming that each retiring Director met the criteria prescribed under Paragraph 2.20A of the MMLR of Bursa Securities, with reference to their respective profiles, including disclosure of any conflict-of-interest situations.

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

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

The NC reviews the required mix of skills, competencies, experience and other qualities of the Board on an annual basis, including the core competencies expected of each Director. As part of this review, the NC also undertakes an annual assessment of the independence of the INEDs to ensure that they continue to exercise independent and objective judgment in Board deliberations.

The Board has established a structured evaluation process, which is conducted annually by the NC to assess the effectiveness of the Board as a whole, the performance of Board Committees and the contribution and performance of each individual Director.

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The evaluation process is facilitated by the Company Secretaries, who circulate the relevant assessment forms and questionnaires to all Directors. Adequate time is provided for completion of the assessments prior to the NC and Board meetings, enabling the Company Secretaries to collate the results for the NC's review and subsequent reporting to the Board.

During the financial year under review, the NC, on behalf of the Board, carried out the annual performance evaluations using the *Board and Board Committee Evaluation Form*, the *Directors' Self-Evaluation Form* for individual Directors, as well as the *Audit Committee Members' Peer Performance Evaluation and Audit Committee Evaluation Form* to assess the tenure, effectiveness and performance of the AC and its individual members.

Based on the evaluations conducted, 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. The Board was also of the view that the AC and its members had effectively discharged their duties in accordance with its *Terms of Reference*. A summary of the assessment results was presented by NC to the Board for its review and deliberation.

Further details on the performance evaluation of the Board, the Board Committees and individual Directors are set out under Practice 6.1 of the CG Report.

- **Independence of INED**

The Board, through the NC, is responsible for assessing and ensuring that all INEDs are able to exercise independent and objective judgement in Board deliberations, free from any conflict of interest or undue influence. Such assessments are carried out by the NC as part of a formal nomination and selection process for newly appointed INEDs, with the outcome presented to the Board for consideration and decision.

On an annual basis, all INEDs are subject to an independence assessment conducted by the 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 assessments and obtained the requisite independence declarations from all INEDs. Based on these assessments and declarations, the NC and the Board were satisfied with the level of independence demonstrated by the INEDs and their ability to bring independent and objective judgement to 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 or 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, such retention must be justified by the Board and approved by the shareholders through a two-tier voting process.

During the financial year under review, Mr. Tan Chin Hwee has served on the Board for a cumulative term exceeding nine (9) years but less than twelve (12) years prior to the 23rd AGM. Based on the independence assessment conducted and the declaration of independence obtained from him, the Board was satisfied that he continued to exercise independent judgement and demonstrated objectivity in discharging his duties and responsibilities at both the Board and Board Committee levels. The Board was of the view that the length of his service did not impair his independence, professionalism or ability to act in the best interests of the Group.

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In line with the Board Charter and the requirements of the MCCG, the Board recommended, and subsequently obtained shareholders' approval at the 23rd AGM, to retain Mr. Tan Chin Hwee as an INED through a two-tier voting process. Following this approval, he continued to serve as an INED until his resignation from the Board on 21 January 2026. Further details are disclosed in Practice 5.3 of the CG Report.

- **Time Commitment**

To ensure the effective functioning of the Board, each Director is expected to devote sufficient time and attention to discharge their responsibilities with due care, skills and diligence.

In support of effective time management, the scheduled meeting dates for the Board and its Board Committee for the upcoming financial year are communicated to all Directors in November of each calendar year. This enables Directors to plan ahead and allocate adequate time for their Board responsibilities.

Directors are also required to notify the Board prior to accepting any new directorships and to disclose the expected time commitment for such appointments, so as to ensure that their ability to effectively discharge their responsibilities to the Company is not compromised.

- **Directors and Key Senior Management Remuneration**

The Board assumes overall responsibility for establishing and implementing an effective remuneration framework that attracts, retains and motivates Directors and Key Senior Management in alignment with the medium to long-term objectives of the Group. To this end, the Board has established a *Remuneration Policy for Directors and Senior Management*, which serves as a guiding framework for the RC when reviewing and recommending remuneration packages for members of the Board and Key Senior Management. The major components of the remuneration package for Executive Directors, Key Senior Management and NEDs are set out in the Policy.

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

Further details on the *Remuneration Policy for Directors and Senior Management*, as well as a summary of the RC's *Terms of Reference*, are disclosed under Practices 7.1 and 7.2 of the CG Report.

Details of the remuneration of individual Directors, including fees, salaries, bonuses, benefits-in-kind, and other emoluments for the FYE 2025, are disclosed on a named basis under Practice 8.1 of the CG Report.

With regard to the disclosure of Key Senior Management remuneration on a named basis in bands of RM50,000, the Board has elected not to adopt this practice. The Board is of the view that such disclosure could compromise the personal security of Key Senior Management members and increase the risk of talent attrition, particularly given the public accessibility of such information. Further explanation for this departure from Practice 8.2 of the CG Report is provided therein.

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- **Board Committees**

To ensure effective discharge of its duties, the Board has delegated specific 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 Committee meetings, ensuring that the Board remains 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 AC Report included in this Annual Report.

- **NC**

The NC comprises exclusively of INEDs, in compliance with the requirements of the MMLR of Bursa Securities. The NC is chaired by an INED. The composition of the NC and the attendance of each member for meetings held during the FYE 2025 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	1/2

[^] Resigned on 21 January 2026

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 focused on reviewing and assessing the performance and effectiveness of the Board as a whole, the Board Committees, including the AC and its members, and individual Directors. The outcomes of these assessments were reported to the Board for review and deliberation.

The second meeting was held to discuss the retirement of the Directors pursuant to Clause 120 of the Company’s Constitution, conduct independence assessments of INEDs and consider the retention of Mr. Tan Chin Hwee as an INED in accordance with the MCCG requirements. The retiring Directors were subsequently recommended for re-election at the 23rd AGM.

Further details on the NC and its activities are disclosed under Practices 5.1, 5.2, 5.3, 5.5, 5.6, 5.7, 5.8 and 6.1 of the CG Report.

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◦ RC

The RC was established to assist the Board in determining, developing and recommending an appropriate remuneration policy and remuneration packages for Directors and Key Senior Management. The objective of the RC is to attract, retain, and motivate qualified and competent individuals capable of driving the Group's long-term objectives. The RC operates in accordance with its *Terms of Reference*, as approved by the Board, which provide a guiding framework for its duties and responsibilities. The Terms of Reference of the RC are available in the "Corporate Governance" section of "Investor Relations" on the Company's website at www.ornapaper.com.

The RC is composed exclusively of INEDs, in compliance with the requirements of MCCG. The composition of the RC and the attendance of each member for meetings held during the FYE 2025 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

[^] Resigned on 21 January 2026

The RC convened two (2) meetings during the financial year under review. The first focused on reviewing the proposed Directors' fees for NEDs and meeting allowances for all Directors. Following this review, the RC's recommendations were presented to the Board for approval and subsequently proposed to shareholders for approval at the 23rd AGM.

The second meeting was held to note the remuneration packages of Executive Directors and Key Senior Management, which were recommended by the RC and resolved by the Board via the Directors' Resolution in Writing.

Further details on the RC, its activities, and *Remuneration Policy for Directors and Senior Management* are disclosed under Practices 7.1 and 7.2 of the CG Report.

◦ BRMC

The BRMC was established to provide oversight, guidance and advice on the Group's risk management processes, and to assist the Board in identifying, mitigating and monitoring critical risks highlighted by the respective business units.

The BRMC is composed entirely of INEDs, in compliance with the Step-Up practice recommended by the MCCG. The composition of the BRMC and the attendance of each member during the FYE 2025 are as follows:

Name	Position	Number of Meetings Attended
Tan Chin Hwee [^]	Chairperson/INED	1/1
Lim Kit Ming	Member/INED	1/1
Sean Ne Teo	Member/INED	0/1

[^] Resigned on 21 January 2026

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The BRMC's *Terms of Reference* are available in the "Corporate Governance" section of "Investor Relations" on 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, with particular focus on anti-bribery and corruption management, sustainability assessment, and stakeholder prioritisation activities. 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, prior to reporting to the Board.

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

- Directors' Training**

In accordance with the *Board Charter*, the Board is responsible for assessing the training needs of its Directors, including the knowledge and skill sets required to effectively oversee sustainability management, and for recommending relevant training programmes. This ensures that Directors have access to continuing education that supports the proper discharge of their fiduciary duties.

All Directors, except the newly appointed director, have completed the Mandatory Accreditation Programme prescribed by Bursa Securities. The Board remains committed to continuous training to broaden Directors' perspectives and equip them with the necessary skills for corporate governance, operational oversight and regulatory compliance. The specific training needs of Directors are identified through the Board and Board Committee performance evaluation, as well as Directors' self-evaluation conducted by the NC.

During the FYE 2025, all members of the Board attended training sessions organised by regulatory bodies or professional organisations. The trainings attended by individual Directors are summarised in the table below:

Director	Name of Conference/Talk/Seminar Attended or Participated	Organiser
Dr. Ang Kwee Teng	Updates on Sustainability Journey in Malaysia: National Sustainability Reporting Framework & Amendments to MMLRs	NeedsBridge Advisory Sdn. Bhd.
Sai Chin Hock	Updates on Sustainability Journey in Malaysia: National Sustainability Reporting Framework & Amendments to MMLRs	NeedsBridge Advisory Sdn. Bhd.
Sai Han Siong	Updates on Sustainability Journey in Malaysia: National Sustainability Reporting Framework & Amendments to MMLRs	NeedsBridge Advisory Sdn. Bhd.
Lim Joo Song	Updates on Sustainability Journey in Malaysia: National Sustainability Reporting Framework & Amendments to MMLRs	NeedsBridge Advisory Sdn. Bhd.
Sai Ah Sai	Updates on Sustainability Journey in Malaysia: National Sustainability Reporting Framework & Amendments to MMLRs	NeedsBridge Advisory Sdn. Bhd.

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Tan Chin Hwee	Appointment, Resignation & Removal of Directors – Looking the Details and Procedures	Institute of Approved Company Secretaries
	Meetings and Resolutions of Members – When to do it by a General Meeting or by a Written Resolution	Institute of Approved Company Secretaries
	Company Secretary – Expectation of the Future	Institute of Approved Company Secretaries
	Company Secretarial Practice in the Age of Digitalisation and AI – Minimising the Secretary's Liabilities	Institute of Approved Company Secretaries
Lim Kit Ming	MPERS: Issues in Financial Instruments	Malaysian Institute of Accountants
	Companies (Amendments) Act 2024 – New and Amended Sections of the Act	Malaysian Institute of Accountants
	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	Institute of Corporate Directors Malaysia
	Audit Quality: Implementing Key Elements of the Audit Quality Framework	Institute of Corporate Directors Malaysia
Sean Ne Teo	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	Institute of Corporate Directors Malaysia
	MBRS2.0 for Preparers - Financial Statements	Suruhanjaya Syarikat Malaysia
	Companies Act 2016 - Directors' Statutory Disclosures	Suruhanjaya Syarikat Malaysia
	Employee Share Scheme for Private Companies	Suruhanjaya Syarikat Malaysia
	MBRS2.0: Mandatory Submission Phase 3 Audited Financial Statements and Reports under Companies Act 2016	Suruhanjaya Syarikat Malaysia
	AI and Data Governance: A Strategic Responsibility for Company Secretaries in The Digital Era	Institute of Approved Company Secretaries
	Companies Act 2016 series: Auditors and the Exemption from Audit	Institute of Approved Company Secretaries
	Company Secretarial Practice in the Age of Digitalisation and AI – Minimising the Secretary's Liabilities	Institute of Approved Company Secretaries
	The Company Secretary's Strategic Role in Shaping Corporate ESG Strategy	Institute of Approved Company Secretaries

- Sustainability Oversight and Management**

To support the long-term sustainability of the Group's businesses, the Board has implemented strategies to ensure that sustainability considerations are embedded across the Group's operations. The Group upholds the principles of effective Corporate Social Responsibility practices to contribute positively to the socio-economic development, promote environmentally responsible business practices, and maintain good social governance standards.

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A key responsibility of the Board is to regularly evaluate EES and governance matters, and assuming ultimate responsibility for sustainability oversight. The Group's sustainability management is guided by a *Sustainability Framework* established by the Board. This framework sets out the formal governance structure, stakeholder engagement processes, and procedures to identify, assess, formulate, and monitor responses to material sustainability issues. Outcomes from these assessments are integrated into the Group's risk management processes for continuous monitoring and improvement. As part of stakeholder communication, the Group's Sustainability Statement is published annually alongside the Annual Report.

The Board is also responsible for regularly reviewing sustainability risks and opportunities, taking into consideration changes in the external business environment and evolving stakeholder interests. These periodic reviews are led by the CED and Executive Director, who serve as the designated senior management personnel overseeing strategic sustainability management.

During the financial year under review, the BRMC and the Board reviewed sustainability and stakeholder engagement activities, assessed sustainability strategies and responses, and monitored actual performance against established sustainability objectives.

Further details on the governance structure, processes, and the identification, assessment, management, and reporting of sustainability matters are disclosed under Practices 4.1, 4.2, 4.3, 4.4, and 4.5 of the CG Report and in the Sustainability Statement.

Principle B – Effective Audit and Risk Management

The AC is entrusted with overseeing the effectiveness of the Group's audit and internal control systems. The composition of the AC, activities carried out during the financial year under review, including the number of meetings held and attendance, are disclosed in the AC Report set out in this Annual Report and in Practices 9.1 to 9.5 of the CG Report.

- **Relationship with External Auditors**

The Group maintains a close and transparent working relationship with its External Auditors to obtain professional advice and ensure compliance with approved accounting standards, relevant laws and regulations and internal policies. The roles and responsibilities of the AC in relation to the External Auditors are set out in the *Terms of Reference* of the AC.

The engagement of External Auditors is formalised through an engagement letter, which outlines, among others, the scope of audit, responsibilities of Directors and External Auditors, confidentiality requirements, reporting obligations, and proposed fees. The engagement terms are reviewed by the AC and recommended to the Board.

During the financial year under review, the AC met with the External Auditors on five (5) occasions, including one (1) private session without the presence of Executive Directors and Management. These sessions facilitated open and independent communication, enabling the External Auditors to provide unbiased professional opinions.

Corporate Governance Overview Statement

The AC also conducted a performance evaluation of the External Auditors, which included a review of the External Auditors' Transparency Report prepared, and reported the results to the Board. The External Auditors confirmed their independence and objectivity throughout the audit engagement and reaffirmed their independence upon completion of the audit.

A summary of the AC's oversights of the External Auditors during the financial year is available in the AC Report in this Annual Report.

- **Uphold Integrity in Financial Reporting**

The Board is responsible for ensuring that reports on the Group's financial position and business prospects are clear, balanced and meaningful to shareholders, investors and the regulatory authorities through quarterly reports, annual reports and announcements on material business matters.

The AC reviews the quarterly results and annual financial statements to ensure that they are prepared in accordance with the Companies Act 2016 and applicable accounting standards. The AC recommends these reports to the Board for approval prior to public release via Bursa Securities' website. The AC also reviews the appropriateness of the Group's accounting policies, including any changes, to ensure that financial reporting fairly and accurately reflects the Group's performance and position.

A summary of the AC's role in the overseeing financial reporting is disclosed in the AC Report in this Annual Report.

- **Risk Management**

The Board affirm its overall responsibility for maintaining a sound risk management and internal control system in pursuit of the Company's objectives. A formal *Group Risk Management Framework* has been established. Details of the framework, processes and activities are disclosed in Practices 10.1 and 10.2 of the CG Report and the Statement on Risk Management and Internal Control in this Annual Report.

- **Internal Control and Internal Audit Function**

The Board acknowledges its responsibility for maintaining a robust system of internal control to safeguard shareholders' investment and the Group's assets. This includes 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 evaluating the state of internal control and identifying areas for operational and management improvement.

Further details on the internal control system and Internal Audit function are disclosed in Practices 11.1 and 11.2 of the CG Report and in the Statement on Risk Management and Internal Control of this Annual Report.

Corporate Governance Overview Statement

The Statement on Risk Management and Internal Control, prepared pursuant to Paragraph 15.26(b) of the MMLR of Bursa Securities, provides an in-depth explanation of the Group's governance, risk management and control structures and processes, including the policies and activities implemented to ensure their adequacy and effectiveness.

Directors' Responsibility Statement

Pursuant to the Companies Act 2016, the Directors are required to prepare financial statements at the end of each financial year that comply with applicable approved accounting standards and present a true and fair view of the state of affairs, financial results, and cash flows of the Group.

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

The Directors are also responsible for ensuring that the Company maintains proper accounting records that accurately disclose the financial performance and position of the Group. This enables the Directors to ensure compliance with the Companies Act 2016 and take necessary measures to safeguard the Group's assets, as well as to prevent and detect fraud or other irregularities.

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

- **Corporate Disclosure and Stakeholders Communication**

The Company recognises the importance of transparent, consistent and coherent communication with the investment community, while balancing the need to maintain commercial confidentiality and comply with regulatory requirements. The Company is committed to building long-term relationships with shareholders and potential investors through appropriate communication channels and timely disclosure of material information. The corporate disclosure process is governed by a formal *Corporate Disclosure Policy*.

The Board ensures the timely disclosure of all material information through announcements on Bursa Securities, with links to such announcements made available on the Company's website at www.ornapaper.com. In doing so, the Board observes all disclosure requirements under the MMLR of Bursa Securities, ensuring that all material events and information are disseminated publicly, transparently and equitably, thereby preventing selective disclosure to any individual or group.

The Annual Report serves as the primary channel of communication between the Company and its stakeholders. It provides comprehensive information on the Group's financial results, operational activities, and corporate developments. As a listed issuer, the contents and disclosure requirements of the Annual Report are also governed by the MMLR of Bursa Securities.

Further details on the *Corporate Disclosure Policy*, as well as the communication channels and processes used by the Company to engage with stakeholders, are disclosed in Practice 12.1 of the CG Report.

Corporate Governance Overview Statement

- **Encourage Shareholder Participation at General Meetings**

The Company's GMs serve as one of the key avenues for shareholders to engage directly with the Board. Shareholders are encouraged to raise questions or seek clarification on the agenda items during the meeting. The agenda and proposed resolutions are provided at least twenty-eight (28) days before the meeting to ensure shareholders have sufficient time and information to make informed decisions. Further details on the distribution and content of the notice of GMs are disclosed under Practice 13.1 of the CG Report.

The Annual Report provides shareholders with information on the AGM, including their entitlement to attend, the right to appoint a proxy, and the qualifications of proxies. The Company's *Constitution* includes an explicit right of proxies to speak at GMs, 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 allocated during GMs to allow shareholders to ask questions or seek clarifications. At the 23rd AGM, all Directors attended to respond to shareholders' queries, and the External Auditors were present to provide independent professional clarifications.

- **Poll Voting**

In compliance with Paragraph 8.29A(1) of MMLR of Bursa Securities, all resolutions set out in the notice of the 23rd AGM were voted on by poll. All resolutions at the forthcoming Twenty-Fourth AGM are to be conducted in accordance with this requirement.

- **Proceedings during the GM**

During the financial year under review, the Group conducted its 23rd AGM physically in Melaka, Malaysia, a location easily accessible by various modes of transportation, in line with MMLR of Bursa Securities. GMs provide shareholders with the opportunity to exercise their rights to participate, raise questions, and vote on the proposed resolutions.

While the Company has not leveraged remote technology for voting and participation, further explanations of this departure from recommended practice are disclosed under Practice 13.3 of the CG Report.

It is the policy of the Board that all pertinent questions raised in relation to the agendas of the GM are answered during the meeting, with sufficient time allocated for this purpose. If any questions remain unanswered due to time constraints, the Board ensures responses are published on the Company's website as key matters discussed during the GM. Additional information on shareholder engagement at GMs is disclosed under Practice 13.4 of the CG Report.

The minutes of the GMs, including the key matters discussed, are uploaded to the "Annual General Meeting" section under "Investor Relations" of the Company's website at www.ornapaper.com within thirty (30) business days from the date of the respective GM. This is in line with Practice 13.6 of the CG Report, which recommends the publication of meeting minutes and key matters discussed within thirty (30) business days after the conclusion of the GM.

Corporate Governance Overview Statement

Key Focus Areas and Future Priorities

The Board remains steadfast in its commitment to enhancing corporate governance, promoting diversity, and strengthening oversight to support the long-term sustainability and growth of the Group.

Over the medium to long term, the Board intends to:

- Strengthen independent oversight by ensuring that at least half of its members are INEDs and by engaging independent sources to identify suitably qualified candidates for NED appointments.
- Promote gender diversity by achieving at least 30% female representation on the Board and at Key Senior Management levels, subject to available vacancies, to enhance diversity of perspectives and decision-making.
- Enhance transparency by considering the disclosure of Key Senior Management remuneration on a named basis in bands of RM50,000, while balancing the need to protect personal privacy and mitigate talent attrition risks.
- Support renewal and succession planning by establishing a formal policy limiting the tenure of Directors to nine (9) years, with appropriate procedures for retention beyond this period, subject to Board justification and shareholders' approval.

These initiatives underscore the Board's ongoing commitment to strengthening governance standards, fostering diversity, ensuring transparency, and driving sustainable growth for the Group.

Additional Disclosure Under MMLR

- **Utilisation of Proceeds**

The Company did not implement any fund-raising exercise during the FYE 2025.

- **Employee Share Scheme**

The Company did not establish any employee share scheme and there was no subsisting employee share scheme during the FYE 2025.

- **Audit and Non-audit Fees**

The audit and non-audit fees incurred for services rendered by the External Auditors and their affiliated firms and companies to the Group for the FYE 2025 are as follows:

	Company	Group	Details on Non-Audit Fees
Audit Fees (RM)	47,000	240,000	Nil
Non-Audit Fees (RM)	5,000	73,000	Tax computation and administration
	5,000	5,000	Review of Statement of Risk Management and Internal Control

Corporate Governance Overview Statement

- Material Contracts**

During the financial year, except for the recurrent related party transaction disclosed, there were no other material contracts and loans entered 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 (RRPTs)**

The breakdown of the aggregate value of the RRPTs of a revenue or trading nature during the FYE 2025 (for which shareholders' mandate was obtained during the 23rd AGM) is as follows:

Below are RRPTs with shareholders' mandate obtained in the 23rd 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 Ornapaper Plus Sdn. Bhd. (formerly known as Quantum Rhythm Sdn. Bhd.) ("OPSB")	-
Julie's Manufacturing Sdn. Bhd. ("JM")	Sai Chin Hock [^] , Sai Ah Sai [#] and Sai Han Siong [*]	Sales of stationery products by OPSB	16,321
		Sales of packaging materials by OISB, OPSB and Ornapack Sdn. Bhd.	11,336,366
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/ Sales of stationery products by OPSB	65,630
		Purchase of stitching wire by the Group	278,156
		Sales of waste paper by Ornapaper Industry (Batu Pahat) Sdn. Bhd. ("OIBPSB")	-
Johmewah Maju Paper Mill Sdn. Bhd. ("JMPM")	Sai Swee Seong [@]	Purchase of paper roll by OISB, OIBPSB and Ornapaper Industry (Perak) Sdn. Bhd. OIPSB	-
		Factory rental incurred by OPSB [^]	684,000

Corporate Governance Overview Statement

Fairway Review Sdn. Bhd. ("FRSB")	Sai Swee Seong [@] , Sai Han Siong* and Sai Ah Sai [#]	Maintenance jobs provided by UPSB to the Group ^{<}	112,875
Uptrend Performer Sdn. Bhd. ("UPSB")	Sai Swee Seong [@]	Sales of waste paper by the Group	194,661
PS3G Sdn. Bhd. ("PS3G")	Sai Swee Seong [@]	Purchase of paper roll by the Group	2,713,934

Notes:

- [^] Sai Chin Hock is the 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 the 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 Han 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 the 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 OPSB comprises 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 RM57,000.00.
- [<] Maintenance jobs provided by UPSB are for the upkeep of the offices and factories of the Group.

This CG Overview Statement is made in accordance with a resolution of the Board dated 15 April 2026.

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
Eric Chan See Quan ^{^^}	Independent Non-Executive Director	Member

[^] Resigned on 21 January 2026

^{^^} Appointed on 1 February 2026

The composition of the Audit Committee complies with paragraph 15.09 of the Main Market Listing Requirement (“MMLR”) of the Bursa Malaysia Securities Berhad (“Bursa Malaysia”), where the Audit Committee consists of three (3) Independent Non-Executive Directors and the Chairperson of the Audit Committee, 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 composition of the Audit Committee also 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 Chairman of the Audit Committee 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 profiles of the members can be found in 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 2025, the Audit Committee held a total of five (5) meetings and the attendance of the Audit Committee members is set out as follows:-

Name	Number of Audit Committee Meetings Attended
Lim Kit Ming	5/5
Sean Ne Teo	4/5
Tan Chin Hwee	5/5

Audit Committee Report

The notice and agenda of the Audit Committee meetings, together 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. This allowed sufficient time for members to review the materials and discharge their duties and responsibilities diligently and effectively, in compliance with the MMLR and the Audit Committee's Terms of Reference.

The Company Secretaries serve as Secretaries to the Audit Committee and, together with the Chairman of the Audit Committee, are responsible for issuing and circulating the agenda and meeting papers in advance of each meeting. The Company Secretaries or their representatives attended all the Audit Committee meetings during the financial year.

Key personnel, including the Accounts Manager, the representatives from the Management, as well as the Company's external and internal auditors, were invited to attend the meetings to present reports, findings and provide relevant information or explanations to facilitate proper deliberation of the matters.

The Audit Committee reported significant issues and updates arising from its meetings to the Board and made recommendations where appropriate. Minutes of the meetings were distributed to all Board Members, enabling them to seek clarification and confirmation from the Chairman of the Audit Committee as required.

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 2025:-

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 comprised 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, with comparative figures from the preceding quarter and the corresponding quarter of the prior year. Any significant variances were analysed, and explanations were provided and discussed with Management.

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

Following the Audit Committee's deliberations, the quarterly financial results were recommended to the Board for approval prior to their announcement to Bursa Malaysia.

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, adequately resourced and scheduled to allow sufficient time for effective execution.

Audit Committee Report

The Audit Plan outlined the audit approach, areas of emphasis, assessment of information technology controls reliance, considerations of work by the 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 2024. Further, the plan detailed 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 Malaysia 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 applicable to 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 external auditors presented the results for the audit conducted on the Group’s financial statements to the Audit Committee for review.

During the same meeting, the expected opinion on the financial statements was sought from the external auditors. The audit results report covered the status of the group audit, key audit matters, key audit findings, summary of corrected and uncorrected misstatements, internal control observations, proposed 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). The report further included outstanding confirmation and information, as well as key management personnel’s 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 the expected opinion on the audited financial statements.

Following its review, the Audit Committee was satisfied that the audit had been appropriately planned and conducted in accordance with the approved auditing standards. The Audit Committee further confirmed that the audited statutory financial statements had 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 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. The Audit Committee also obtained confirmation 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. Based on the results of the performance evaluation and assessment, the Audit Committee was satisfied with the external auditors' performance and independence and subsequently recommended their reappointment to the Board as auditors of the Company for the financial year ended 31 December 2025.

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

During the financial year under review, the Audit Committee held a private session with the external auditors on 21 November 2025, without the presence of the Executive Directors and Management. The session provided the external auditors with an opportunity to raise any concerns or share professional opinions freely, ensuring that they could perform their duties independently and without undue influence.

During the private meeting, 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. These reports included audit observations, priority ratings, potential risks and implications, recommendations and agreed management action plans arising from the internal audit cycles conducted under the approved internal audit plan. Follow-up reports were also provided to update the Audit Committee on the status of implementation of the previously agreed management action plans.

During these meetings, the outsourced internal audit function provided updates on the progress of the approved internal audit plan, resources, experience, competency and continuous professional development through its follow-up reports. This enabled the Audit Committee to assess the adequacy and effectiveness of the internal audit function.

Audit Committee Report

During the financial year under review, the Audit Committee reviewed the Group's Internal Audit Charter, ensuring that its scope, responsibilities, and authority remained appropriate. The Audit Committee also reviewed and approved the renewal of engagement for the internal audit function for the financial year ending 31 December 2026 and 31 December 2027, as well as the internal audit plans for both years.

In addition, the Audit Committee held one private session with the internal audit function to discuss any matters independently without the presence of management to promote an open and transparent flow of information.

Further details on the Audit Committee's oversight of the outsourced internal audit function is 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 performance evaluation, 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 updated 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.

All members of the Board and Board Committees declared their interests at each scheduled meeting during the financial year. Based on these declarations, the Audit Committee reviewed and monitored any actual or potential conflicts of interest involving members of the Board that were not related party transactions or RRPTs. No actual or potential conflicts of interest situations were noted during the financial year under review. Where potential conflicts are identified, the Audit Committee evaluates the circumstances and recommends appropriate measures to the Board to resolve, eliminate, or mitigate the conflicts.

i) Review the Latest Changes and Developments in Accounting Standards

During the Audit Committee meetings, members were kept informed of new and revised accounting standards through disclosures in the quarterly report announcements and briefings provided by the external auditors. This ensured that the Committee remained updated on developments that could impact the Group's financial reporting.

Audit Committee Report

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

The Audit Committee reviewed the draft circular/statement to shareholders in relation to:

- the proposed renewal of the existing shareholders' mandate for RRPTs of a revenue or trading nature, and
- the proposed renewal of authority for the Company to purchase its own shares (share buy-back statement).

Based on its review, 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 that RRPTs were conducted at arm's length, in accordance with the Company's normal commercial terms, on terms that were not more favourable to the Related Parties than those generally available to the public, and not detrimental to the interest of minority shareholders.

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

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 Senior 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.

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

l) Others

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

Audit Committee Report

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 work, 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.

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 the 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") which require a listed issuer to prepare a statement about the state of risk management and internal control of the listed issuer as a group, and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Companies ("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 a sound system of governance, risk management and internal control systems and for reviewing its adequacy and effectiveness to safeguard the Group's assets and stakeholders' interests, and to support the achievement of the Group's mission, vision, core values, strategies and business objectives. In determining the Group's strategies and business objectives, the Board takes into consideration the level of risk that the Group is prepared to assume in pursuing its business goals, having regard to its risk capacity, operating environment and nature of business. The Board is committed to establishing and maintaining an effective control environment and governance framework that is embedded within the Group's corporate culture, processes and strategies, supporting the effective implementation of the Group's risk management and internal control systems.

The Board delegates the responsibility for identification, assessment and management of key business risks to the management of the Company ("the Management") through the Risk and Sustainability Management Committee ("RSMC"). Oversight of risk management and internal control systems is delegated to the Board Risk Management Committee ("BRMC") and Audit Committee ("AC"), respectively. In accordance with the Group Risk Management Framework and the respective Terms of Reference approved by the Board, the BRMC and AC assist the Board in providing oversight and assurance on the adequacy and effectiveness of the Group's risk management and internal control systems.

Through the BRMC and AC, the Board receives regular reports from the Management, the internal audit function and the external auditors on significant risk exposures, internal control issues and corresponding management action plans. This enables the Board to remain informed of key risk developments and control matters within the Group and to ensure that appropriate measures are undertaken to manage and mitigate such risks. Matters deliberated by the BRMC and AC which warrant the attention or approval of the Board are escalated to the Board for deliberation and decision, while other matters within the purview of the BRMC and AC are reported to the Board for notation.

The Group's system of internal control encompasses key elements including the control environment, risk assessment, control activities, information and communication, and monitoring activities. However, due to the inherent limitations in any system of internal control, such systems are designed to manage rather than eliminate the risk of failure to achieve the Group's business objectives. Accordingly, the system of internal control can only provide reasonable, but not absolute, assurance against material misstatement, losses or fraud.

Statement on Risk Management and Internal Control

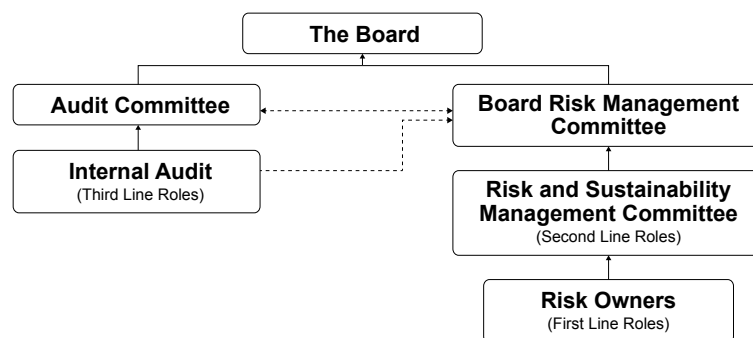
RISK MANAGEMENT

The Board maintains an ongoing commitment to identifying, evaluating and managing the significant risks faced by the Group during the financial year under review. The duties and responsibilities for the identification, evaluation and management of the key business risks are delegated to RSMC, which is led by the Chief Executive Director (“CED”), with the designated Executive Director acting as alternate Chairman in the absence of the CED.

To support this, the Board has established a structured Group Risk Management Framework which sets out the governance structure and processes for enterprise-wide risk management. The framework aims to embed risk management practices across all levels of the Group to ensure that key business risks are managed appropriately while enabling the Group to pursue business opportunities in a prudent manner.

The principles, practices and processes of the Group Risk Management Framework established by the Board are, in a material respect, guided by ISO 31000:2018 – Risk Management - Guidelines. The Group Risk Management Framework is reviewed at least once every three (3) years, or earlier when deemed necessary, to ensure its continued relevance and effectiveness, and was last reviewed and approved by the Board on 18 August 2023.

The Group Risk Management Framework lays down the risk management objectives and processes established by the Board, together with the formalised governance structure for the Group’s risk management activities, as outlined below:



The Group’s governance structure for risk management is designed, in all material respects, in line with the Institute of Internal Auditors’ (“IIA”) Three Lines Model. Under this structure, Risk Owners assume the role of the First Line and are responsible for identifying, managing and monitoring risks within their respective areas of responsibility. The Key Risk & Sustainability Officer (“KRSO”), who is also a member of the RSMC, performs the Second Line role by facilitating and coordinating the implementation of the Group Risk Management Framework across the Group, and by monitoring risk management activities undertaken by Risk Owners. The RSMC reports regularly to the BRMC, which in turn reports to the Board on key risk matters requiring its attention, deliberation and decision-making. The Internal Audit Function assumes the Third Line role by conducting independent reviews of the Group’s internal control system. The Internal Audit Function reports its audit findings to the AC, which subsequently reports to the Board on its review of the state of the Group’s internal control system.

Statement on Risk Management and Internal Control

Clear roles and responsibilities of the Board, the BRMC, the AC, the RSMC, Risk Owners, the 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 on 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.

The RSMC members are nominated employees from various divisions in the Group (i.e. Executive Directors and Heads of Departments), and it is chaired by the 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 the 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 the prescribed form and to report the results of the assessment to the Board for strategic decision making.

Statement on Risk Management and Internal Control

In addition, the Risk Owners, comprising members of the Operational Management team (i.e. Managers and Heads of Department), are responsible for managing risks within their respective areas of responsibility and are 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 a structured risk management process which outlines the steps for risk and opportunity identification, evaluation, control identification, risk treatment and monitoring of control activities for application by the RSMC and Risk Owners.

Risk assessments are performed at both gross and residual levels and are guided by the likelihood and impact rating criteria established with reference to the level of risk considered 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 together with the Risk Owners. Relevant risks are identified, assessed and rated based on the approved risk rating criteria before being reported to the RSMC for review. The Key Risk Registers are primarily used for the identification of high residual risks that exceed the Group's acceptable risk level and therefore require immediate management attention and appropriate risk responses, as well as ongoing risk monitoring. Key Risk Registers of key operating subsidiaries, including assessment of emerging risks and opportunities identified at both the strategic and operational levels, are reviewed at least annually or more frequently when circumstances warrant. The results of such reviews are reported to BRMC.

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. Risk and opportunity management processes consistent with the Group Risk Management Framework are executed by the Quality Management Representatives ("QMR"), with respective Managers and Heads of Department (i.e. the Risk Owners) responsible for managing identified risks and opportunities within their areas of responsibility. The risk assessment process involves risk identification, risk assessment and risk treatment, including application of likelihood and impact ratings, with the results documented in the Key Risk Registers together with corresponding action plans to address the identified risks and/or opportunities.

During the financial year under review, the RSMC conducted an assessment exercise in which strategic, governance, financial, operational, compliance and regulatory, quality and environmental, technology, as well as fraud and integrity risks of the Group's key operating subsidiaries were identified, assessed and treated in accordance with the Group Risk Management Framework. The risks identified were documented in the respective Key Risk Registers maintained at the subsidiary level for continuous monitoring and periodic reassessment.

Statement on Risk Management and Internal Control

The consolidated Key Risk Registers, consist of strategic, governance, financial, operational, quality and environmental, fraud and bribery risks together with their likelihood and impact ratings, were compiled by RSMC and tabled to BRMC during the financial year under review for its review and deliberation on their adequacy and effectiveness prior to reporting to the Board, which assumes the primary responsibility of the Group's risk management.

At the operational level, risk management is embedded into the Group's key processes across all levels of the organisational structure. Heads of Department, as Risk Owners, are responsible for continuously identifying, evaluating and managing existing and emerging risks arising from changes in the Group's internal and external environment. This includes formulating and implementing appropriate internal control measures to mitigate identified risks as part of their First Line responsibilities. Risk Owners are responsible for managing financial, operational, quality and environmental, fraud and bribery risks within their respective areas by maintaining effective internal controls and implementing appropriate measures on a day-to-day basis. Critical or material risks identified by Risk Owners are reported to the BRMC, AC and the Board by the CED and Executive Director for deliberation and decisions on the appropriate risk responses.

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 deliberated by the AC and/or the Board during the review of the Group's financial performance at scheduled meetings.

The monitoring of risk management within the Group is further enhanced through 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 the AC. In addition, compliance audits relating to the quality management system are performed by in-house independent personnel based on the Audit Plan/Schedule approved by the CED.

The above risk management process has been practised 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 which sets out the respective roles and responsibilities of the Board, the Chairman of the Board and the CED. The Board Charter serves to preserve the independence of the Board from the Management and to enhance the effectiveness of the Board's oversight role.

Statement on Risk Management and Internal Control

Board Committees (i.e. AC, Remuneration Committee, Nomination Committee and BRMC) have been established to carry out duties and responsibilities delegated by the Board, with each Board Committee operating within its terms of reference approved by the Board.

Meetings of the Board and respective Board Committees are carried out on a scheduled basis to review the Group's performance from both financial and operational perspectives. Meetings of the Remuneration Committee, Nomination Committee and BRMC are carried out at least once yearly or more frequently as and when required. Potential business strategies and business plans are proposed by the Executive Directors for the Board's review and approval, taking into consideration the associated risks and appropriate mitigation measures.

- **Organisation Structure and Accountability**

Clearly defined and structured lines of reporting and responsibility for key business units/departments within the Group have been established to ensure operational efficiency, accountability and effectiveness, with the Board assuming an oversight role. Suitably qualified employees are employed to ensure that an appropriate level of authority and responsibilities are delegated, while accountability for performance and internal controls is clearly assigned.

- **Human Resource Management**

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

Comprehensive human resource policies and guidelines are in place to support the Group's ability to operate effectively and efficiently. These policies aim to ensure the recruitment and retention of competent employees who possess the necessary knowledge, skills and experience, which are further enhanced through continuous trainings and development programmes.

- **Integrity and Ethical Value**

The tone from the top on integrity and ethical values is enshrined in the formalised Code of Conduct ("the Code"), which has been approved by the Board. The Code forms the foundation for promoting integrity and ethical behaviour across the Group.

The expected standards of conduct are further reinforced through the Employees Handbook, which outlines the ethical behaviours expected in the Group's dealings with customers, suppliers, employees, society and the environment. The Employees Handbook also sets out the standards of conduct expected from employees in carrying out their duties and responsibilities assigned.

To further enhance ethical practices within the Group, a formal Anti-Bribery and Corruption Framework has been put in place by the Management to mitigate the risk of bribery and conflicts of interest. A Whistle-blowing Policy has also been implemented to enable employees and other stakeholders to raise genuine concerns relating to possible improprieties in matters of financial reporting, compliance and other malpractices at the earliest opportunity.

Statement on Risk Management and Internal Control

The Whistle-blowing Policy facilitates the reporting of improper conduct and other offences to the appropriate governance bodies within the Group and is available for download from the “Corporate Governance” section under “Investor Relations” of the Company’s website.

In addition, a Grievance System has been established to enable employees to report workplace grievances and to ensure that such grievances are addressed in a structured and timely manner.

Compliance with the Code and Anti-Bribery and Corruption Framework is monitored via various control monitoring mechanisms, including Whistle-blowing Policy and Grievance System. Any instances of non-compliance identified are investigated in a timely manner and appropriate corrective actions, including disciplinary measures where necessary, are taken.

- **Policies, Procedures and Authorisation Requirements**

The Group has established policies and standard operating procedures (“SOPs”) to regulate key processes in compliance with International Organisation for Standardisation (“ISO”) certifications. Authorisation requirements for key processes are clearly defined in the respective policies, SOPs and the Group’s limit of the authority matrix, ensuring appropriate segregation of duties and accountability.

- **Risk Assessment and Control Activities**

Risk assessments are performed by Risk Owners annually or whenever there are changes to the internal or external business environment, in accordance with the Group Risk Management Framework. Internal controls, designed as risk responses, are formulated and implemented to mitigate identified risks to levels acceptable by the Board.

Policies and SOPs are regularly reviewed and updated to remain relevant, supporting the Group’s business activities in achieving its strategic objectives.

- **Information and Communication**

The Group maintains clear reporting lines across all levels of the organisation. Operational reports are prepared and disseminated to relevant personnel to ensure effective communication of critical information, 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 prompt review, deliberation and decision.

The Group utilises effective information and communication infrastructures, including computerised systems, secured intranet, electronic mail system and modern telecommunication and processing system. These systems ensure that operational and external data are collected, processed and communicated in a timely and secure manner to dedicated personnel for decision making and for reporting to relevant external stakeholders.

Communication of the Group’s policies and procedures is conducted via written formats, information boards, electronic mail and in-house trainings delivered by respective risk or control owners.

Statement on Risk Management and Internal Control

- **Monitoring and Review**

Key performance indicators (“KPIs”) are formulated on a yearly basis to monitor the performance of key divisions and departments against set targets, enabling prompt management action for unsatisfactory performance. During monthly management review meetings, comprehensive operational reports prepared by respective departments are assessed to evaluate the Group’s performance against the KPIs and to identify new or emerging operational risks. Mitigating controls are formulated and implemented as required.

Executive Directors are closely involved in operations, with weekly Executive Committee (“EXCO”) meetings held with the EXCO team, comprising Key Senior Management, to review operational, production, marketing and financial information.

In addition, Quality Management System (ISO 9001) meetings are also held to review and discuss the Group’s performance against quality and environmental standards, and to identify opportunities for improvement to achieve quality and environmental objectives.

Compliance monitoring is further enhanced through internal audits, external statutory audits, and surveillance audits conducted by independent consultants engaged by the Group, ensuring adherence to ISO certification requirements and timely identification of significant control issues.

INTERNAL AUDIT FUNCTION

The Group relies on its internal audit function to provide the Board and the Management with independent assurance that the governance, risk management and internal control systems are adequate and effective in mitigating organisational risks, thereby supporting the achievement of the Group’s business objectives.

The internal audit function is outsourced to an independent professional firm, namely, NeedsBridge Advisory Sdn Bhd, to provide the Board with assurance regarding the adequacy and effectiveness of the Group’s risk management and internal control systems. To preserve independence and objectivity, the outsourced internal audit function reports directly to the AC. At least once annually, the AC meets with the outsourced internal audit function without the presence of the Management to promote an open and transparent flow of information.

The internal audits are carried out, in material aspect, in accordance with the International Professional Practices Framework (“IPPF”), including the Global Internal Audit Standards and Topical Requirements established by the Institute of Internal Auditors Global (“IIA Global”). The engagement senior director, Mr. Pang Nam Ming, is a Certified Internal Auditor (“CIA”) and holds 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 senior director is required to declare his conformance with the Standards of the IIA during the renewal of his certification.

The audit engagement is governed by an engagement letter with key terms including the purpose and scope of work, accountability, independence, responsibilities of the outsourced internal audit function and management, authority, limitation of scope of work, confidentiality, fees and engagement team. The audit engagement is also guided by the Group’s Internal Audit Charter, approved by the Board. The appointment, resignation and the proposed audit fees of the outsourced internal audit function are reviewed by the AC prior to submission to the Board for approval. During the financial year, the resources allocated to the internal audit fieldwork comprised one (1) assistant manager and at least one (1) senior consultant and one (1) consultant per engagement, with planning, supervision and execution oversight performed by the director and senior director.

Statement on Risk Management and Internal Control

To preserve independence and objectivity, the outsourced internal audit function is not permitted to act on behalf of the Management, decide and implement management action plans, perform ongoing internal control monitoring (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).

Risk-based internal audit plan in respect of the financial year ended 31 December 2025 (“FYE 2025”) was drafted by the outsourced internal audit function, after taking into consideration the existing and emerging key business risks identified in the Key Risk Registers, the Executive Directors and Key Senior Management’s opinion and the previous internal audits performed, subject to review and approval 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 part of the Third Line role, the internal control review procedures performed by the outsourced internal audit function are designed to understand, document and evaluate risks and related controls in order to assess the adequacy and effectiveness of the Group’s governance, risk structures, control structures and control processes. Based on the internal audit observations, the outsourced internal audit function provides recommendations that address the root causes of control deficiencies identified. The internal audit procedures principally consist of process evaluations through interviews with relevant personnel involved in the process under review, review of the SOPs and/or process flows provided, and observations of the actual operation of processes to assess consistency with the results of interviews and/or documented SOPs and/or process flows. Thereafter, testing of key controls for respective audit areas through sample-based reviews, with sample sizes determined in accordance with a predefined methodology that takes into consideration the nature, scope and objectives of the audit, as well as the extent of verification required.

During the FYE 2025, based on the internal audit plan (and any amendments thereof) approved by the AC, the outsourced internal audit function conducted reviews covering production management, as well as procurement management for two (2) key operating subsidiaries in Malaysia.

Statement on Risk Management and Internal Control

Upon the completion of each internal audit engagement during the financial year under review, the internal audit reports were presented to the AC at its scheduled meetings. The presentation covered the internal audit findings priority rating, risk/potential implications, recommended corrective actions, management responses/action plans, the designated person-in-charge and the proposed timelines for implementation. These matters were deliberated with the members of the AC 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-up reviews were performed by the outsourced internal audit function on management action plans that had not been fully implemented from the previous internal audit engagements. Such follow-up reviews were conducted by way of verification, including physical observations and/or sample-based verification of evidence provided by the relevant person-in-charge to substantiate the implementation of the management action plan. Together with the internal audit reports, the updates on the status of these action plans were compiled and presented via the Action Plan Progress Report, which was tabled to the AC for review and deliberations.

The outsourced internal audit function also reports its staff strength, qualifications, experience and continuous professional education programmes to the AC, in line with the AC's oversight responsibilities.

In addition to outsourced internal audits, the Group conducts internal quality audits for ISO 9001 and ISO 14001 Quality and Environmental Management Systems compliance via in-house independent personnel, supplemented by surveillance audits conducted by independent certification bodies. Internal audits related to the Anti-Bribery and Corruption Framework are also performed by in-house independent personnel and reported to the BRMC.

The cost incurred in maintaining the outsourced internal audit function for the FYE 2025 amounted to RM43,595.

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

During the Board meetings, the Group's performance was reviewed and deliberated, including but not limited to the adequacy and effectiveness of the Group's risk management and internal control systems in supporting the achievement of its business objectives.

In accordance with the Guidelines, the CED, as the highest-ranking executive in the Company and the person primarily responsible for the management of the Company's financial affairs, has provided written assurance to the Board, in all material respects, the Group's risk management and internal control systems have operated adequately and effectively, throughout the financial year under review to meet the Group's objectives.

OPINION AND CONCLUSION

Based on the review of the risk management processes, the results of the internal audit activities, monitoring and review mechanism described above, and the written assurance provided by the CED, the Board is of the opinion that, in all material respects, the Group's risk management and internal control systems are satisfactory given the nature of Group's business and scale of operations. These systems provide reasonable assurance in safeguarding the interests of stakeholders and the Group's assets. During the financial year under review, there were no material losses, contingencies or uncertainties requiring disclosure in the Group's Annual Report.

Statement on Risk Management and Internal Control

The Board remains committed to continuing to take pertinent measures to sustain and, where required, to enhance the Group's risk management and internal control systems to ensure they continue to support the Group in meeting its business objectives. Notwithstanding this, the Board will continue to evaluate and manage significant business risks in pursuit of the Group's mission, vision, core values, strategies and objectives, with a focus on continuous improvements and effective governance.

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 the External Auditors' attention that causes them to believe that this Statement has not been prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Guidelines and Practices 10.1 and 10.2 of the MCCG, or that it is factually inaccurate.



Sustainability Statement

About Ornapaper Berhad

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

Sustainability remains a key pillar of the Group’s business strategy as it navigates an evolving operating environment characterised by shifting market dynamics and operational complexities. The Group places great emphasis on meeting evolving customer expectations while minimising environmental impact and contributing to improved quality of life for current and future generations. In this regard, the Group aligns its sustainability agenda with the United Nations Sustainable Development Goals (“SDGs”).

The Board is committed to maintaining strong sustainability governance through effective oversight, regular performance monitoring and proactive stakeholder engagement. Transparent sustainability reporting forms part of this commitment, covering the economic, environmental, and social aspects of the Group’s business operations. The Board believes that meaningful stakeholder engagement is essential in ensuring that the Group’s business practices remain relevant, resilient and aligned with stakeholders’ expectations.

The Group is dedicated to operating with integrity, accountability, and transparency across its value chain. It continues to adapt to evolving markets, industry, and national developments while creating shared value for both the business and society. As a responsible corporate citizen, the Group acknowledges its dual responsibility to deliver strong economic performance while contributing positively to the social and environmental landscape.

The Board recognises that global and regional developments, including economic uncertainty, climate-related risks, resource constraints, and social challenges, continue to influence the operating landscape. In response, the Group remains committed to strengthening our sustainability resilience through responsible practices, including energy efficiency initiatives, waste reduction efforts, safe workplace practices, and community engagement programmes.

Moving forward, the Group will continue to enhance the integration of sustainability into its operations and decision-making processes. The Group remains committed to improving its sustainability performance, governance, and disclosures, in line with evolving stakeholder expectations and regulatory requirements, to support long-term, sustainable growth.

About This Statement

The Board of Ornapaper is pleased to present the Sustainability Statement (“Statement”) for the financial year ended 31 December 2025 (“FYE 2025”). This Statement provides an overview of the Group’s sustainability performance during the period of 1 January 2025 to 31 December 2025, unless stated otherwise. The Statement outlines how the Group manages its economic, environmental, social and governance (“EESG”) impacts in line with its business strategy and operational context, with the objective of creating long-term sustainable value for stakeholders.

Moving forward, Ornapaper aims to continuously improve our sustainability performance and transparency, while progressing towards alignment with evolving regulatory expectations and reporting frameworks, including the National Sustainability Reporting Framework (“NSRF”).

Sustainability Statement

Scope of the Statement

This Sustainability Statement primarily covers activities undertaken during FYE 2025, as well as relevant developments up to the date of this Statement. It focuses on the management and performance of the Group's material EESG aspects, in line with applicable sustainability disclosure requirements. This Statement outlines the Group's stakeholder engagement processes, materiality assessment, sustainability initiatives and disclosures on key impacts across the value chain. These disclosures are intended to provide stakeholders with a clear understanding of the Group's approach and efforts in managing sustainability-related risks and opportunities.

The scope of this Statement encompasses the identification, management and reporting of sustainability matters and performance across six (6) principal subsidiaries of the Group, which are key contributors to the Group's revenue and operational activities, particularly in the manufacturing of corrugated packaging and paper-based stationery products.

The six (6) principal 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 Ornapaper Plus Sdn. Bhd. (formerly known as Quantum Rhythm Sdn. Bhd.) ("Ornapaper Plus") (collectively referred to as "the Companies" or "the Group", and individually as "the Company").

A newly incorporated subsidiary, Ornapack Sdn. Bhd. (formerly known as Ornaflex Solutions Sdn. Bhd.) ("Ornapack"), which commenced production and sales operations in the fourth quarter of FYE 2025, has been excluded from the reporting scope for FYE 2025, as its contribution to the Group's revenue and overall operational impact during the reporting period is not material. Similarly, Ornapaper Logistics Sdn. Bhd. ("Ornapaper Logistics") has also been excluded on the same basis.

The Group will progressively review and expand the reporting boundary to include Ornapack in future sustainability disclosures as its operations become more significant to the Group.

Reporting Frameworks and Standards

The Statement has been 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 respects, 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.

In line with ongoing regulatory developments, the Group is also preparing for alignment with the NSRF. The Group intends to progressively transition to a reporting approach that incorporates NSRF requirements alongside other relevant standards in the next reporting period, with a view to enhancing the comparability, consistency, and robustness of its sustainability disclosures.

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

Sustainability Statement

Statement of Assurance

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

Sustainability Principles

The Board, as the highest governance body of the Group, retains ultimate accountability for embedding sustainability into the Group's operations, strategy, and performance. The Group remains committed to advancing sustainability by continuously integrating it into its work culture, business practices, and decision-making processes. In doing so, the Group seeks to meet stakeholder expectations while pursuing its strategic objectives, underpinned by a commitment to accountability and transparency in sustainability performance. This commitment is guided by the following principles endorsed by the Board:

- To observe and comply with all applicable laws, regulations, recommended trade practices, and code of practice relevant to the Group;
- To consider sustainability matters and integrate such considerations into the Group's business operations, as well as in the formulation and implementation of business strategies;
- To manage sustainability matters in a structured and systematic manner, whereby such matters are embedded across the Group, documented, continuously assessed and managed, with reporting to the Board at scheduled intervals or as warranted by the materiality of such sustainability matters;
- To promote, train and communicate with all employees, suppliers, business partners and other relevant stakeholders on an ongoing basis, to ensure awareness of and commitment to implementing and measuring sustainability initiatives, taking into consideration economic, environmental, social and governance aspects;
- To engage and communicate with all relevant stakeholders on a continuous basis for the identification, assessment and management of material sustainable matters; and
- To strive for continuous improvement in the Group's sustainability performance.

Sustainability Framework

Ornapaper's commitment to responsible business conduct and the creation of long-term sustainable value is guided by the Sustainability Framework established by the Board. In alignment with the United Nations 2030 Agenda for Sustainable Development and its 17 SDGs, the Group seeks to align its operations with global efforts to promote inclusive economic growth, enhance social well-being, and minimise environmental impact, including addressing climate change and environmental degradation.

The Group recognises that the SDGs are interconnected and require a balanced and integrated approach across EESG dimensions.

Amid ongoing global uncertainties, including geopolitical tensions, inflationary pressures, energy market volatility, and evolving environmental and social challenges, the Group remains committed to upholding ethical, accountable, and sustainable business practices. These considerations underscore the importance of strong governance and responsible corporate conduct in navigating risks and opportunities, while contributing positively to society and the environment.

Sustainability Statement

Sustainability Framework (Cont'd)



To formalise this commitment, the Board has embedded Sustainability Policies within the Sustainability Framework, thereby integrating sustainability considerations into the Group’s corporate strategy, operations, and stakeholder engagement practices. These Sustainability Policies reinforce the Group’s approach to upholding responsible business conduct, while supporting continuous improvement, operational excellence, and innovation across its core business activities. The Group has adopted the following Sustainability Policies:

- To continuously identify and engage with potential suppliers at key operational locations to optimise cost efficiency and enhance sales value.
- To ensure that suppliers adhere to high ethical standards.
- To diversify the customer portfolio to safeguard the economic interests of 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 contribute voluntarily to local communities and create positive value 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 of 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 provide a safe, healthy, and conducive working environment for all employees.
- To enhance employee capabilities through continuous training and development programmes.

Sustainability Statement

Sustainability Governance Structure

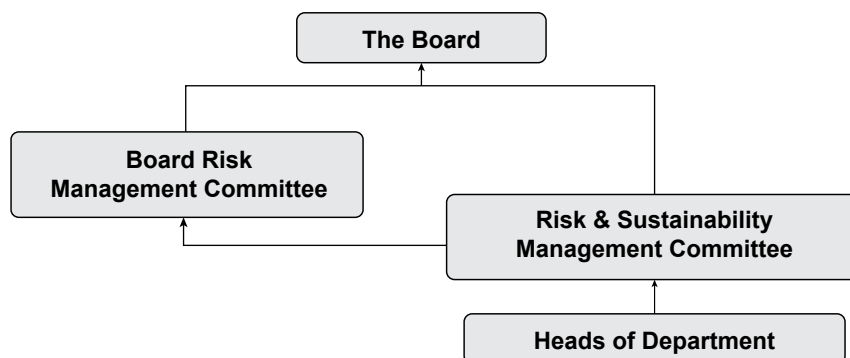
Good governance is fundamental to the Group’s ability to operate in a responsible, transparent, and sustainable manner. The Board acknowledges its overarching responsibility for integrating sustainable economic, environmental, and social practices across the organisation. This includes embedding sustainability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

The Group’s commitment to sustainable practices is embedded at 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 established a formal governance structure to ensure accountability, effective oversight, and systematic review in relation to the identification, management and reporting of sustainability matters and performance. This structure is designed to ensure that sustainability initiatives across all levels of the organisation and business units are aligned with the Group’s strategic direction and Board-level expectations. Clear reporting mechanisms have been established to facilitate the timely identification and management of sustainability-related risks and opportunities, enabling regular monitoring and informed decision-making to drive continuous improvement in sustainability performance.

The Risk and Sustainability Management Committee (“RSMC”) is entrusted with key responsibilities for the identification, assessment, management and reporting of sustainability matters and performance. The RSMC plays a pivotal role in steering sustainability initiatives and ensuring alignment with the Group’s overall strategy and long-term objectives.

In line with the nature, scale, and geographical footprint of the Group’s businesses, the Board has established a formal governance structure to support the effective identification, management and reporting of sustainability matters and performance, as outlined below:



Sustainability Statement

Sustainability Governance Structure (Cont'd)

The governance structure outlined in the Sustainability Framework defines the roles and responsibilities of the Board, the Board Risk Management Committee (“BRMC”), the RSMC, Heads of Department, and the Key Risk and Sustainability Officer (“KRSO”).

The Board assumes ultimate responsibility for the Group’s sustainability strategy, oversight and performance. The BRMC supports the Board by reviewing sustainability-related matters, including risks, opportunities, and performance, and provides recommendations and updates for the Board’s consideration and deliberation. The RSMC is responsible for coordinating and implementing sustainability initiatives across the Group. Within the RSMC, the KRSO serves as the central point of reference for sustainability matters, providing guidance, coordinating reporting activities, and overseeing the implementation of the Sustainability Framework.

The RSMC, chaired by the Chief Executive Director and Executive Director of Ornopaper, is entrusted with the following responsibilities:

- a. To implement the sustainability strategy and management policies as approved by the Board;
- b. To lead and implement the process of identifying, assessing and managing sustainability matters, and to develop appropriate action plans where such matters are not adequately or effectively addressed, as well as to communicate the proposed action plans to the Heads of Department;
- c. To conduct periodic reviews of all sustainability matters of the Group (at least annually), assess the adequacy of responses and current status of such matters, and report the review results (including material sustainability matters) together with recommendations to the BRMC;
- d. To manage stakeholder engagement processes for the purpose of obtaining input for assessments and communicating the outcomes of reviews and responses;
- e. To measure the performance of material sustainability indicators against established targets, monitor such performance, ensure compliance with applicable sustainability disclosure requirements, and report to the BRMC for review;
- f. To oversee the Heads of Department in the implementation of sustainability management systems;
- g. To update the BRMC on changes to material sustainability matters on a periodical basis (at least annually), or as and when appropriate due to changes in the external environment or internal environment, including the corresponding management actions; and
- h. To ensure that appropriate sustainability training is provided to relevant levels of employees to cultivate awareness and promote a consistent approach to sustainability management.

At the operational level, the Heads of Department are responsible for managing sustainability matters within their respective business processes and for supporting the RSMC in the identification, assessment, implementation and monitoring of sustainability initiatives across the Group.

Sustainability Matters Management Process

The Group’s sustainability matters management process has been established by the Board with reference to the Guide and Toolkit: Materiality Assessment issued by Bursa Securities, and is tailored to reflect the nature, scale and strategic priorities of the Group’s businesses:

Sustainability Statement

Sustainability Matters Management Process (Cont'd)

The process encompasses the following key steps:

- **Stakeholder Mapping and Profiling**

Identification of the intended stakeholder groups and sub-groups, including their areas of interest and engagement objectives, is undertaken through stakeholders' mapping and the development of stakeholders' profiles.

- **Stakeholder Prioritisation Exercise**

The stakeholders identified across significant business and geographical segments are prioritised based on their level of influence on and dependence upon the Group. Greater focus is placed on stakeholder groups with higher influence and/or dependency, whose concerns are accorded greater weight.

The prioritisation exercise is conducted by the RSMC by using a Stakeholder Prioritisation Matrix, whereby each stakeholder is assessed against influence and dependence criteria and rating scales established by the Board. The results are used to determine the appropriate level of engagement with each stakeholder group, ranging from collaboration and empowerment to regular information sharing.

- **Sustainability Matters Identification**

Sustainability matters are identified across significant business and geographical segments through both internal and external sources. Internal sources include documentation, management information systems and internal stakeholders' engagements, while external sources include public domains, correspondences and engagement with external stakeholders.

Identified sustainability matters are subsequently refined, consolidated and categorised into respective sustainability categories determined by the Board, and recorded in the Sustainability Matters Listing, which also identifies the relevant internal and external stakeholders.

- **Internal Materiality Assessment**

Sustainability matters categorised in the Sustainability Matters Listing are subjected to an internal materiality assessment by the RSMC to prioritise the sustainability matters for further evaluation by internal and external stakeholders.

This assessment is conducted by the RSMC based on the rating scale established by the Board, taking into consideration the significance of each sustainability matter in terms of revenue, cost, reputation, strategic and operational risks and business opportunities.

Sustainability matters are considered material where:

- they have significant economic, environmental and social impacts on the Group;
- they substantially influence stakeholder assessments and decision-making ; and
- they affect the Group's ability to meet present and future needs from a sustainability perspective.

Sustainability Statement

Sustainability Matters Management Process *(Cont'd)*

- **Internal Materiality Assessment** *(Cont'd)*

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' assessments are obtained through engagement processes conducted, either through direct communication by the RSMC or Heads of Department, using the rating system established by the Board.

- **Integration with Risk Management**

Following the materiality assessment, identified sustainability matters are integrated into the Group's risk management framework. Sustainability-related risks and opportunities are assessed and managed in accordance with the Group's established risk management policies and processes.

In the context of sustainability matters management, the RSMC evaluates the adequacy and effectiveness of existing controls and the current status of sustainability matters. Where gaps are identified, appropriate management responses (if existing controls are inadequate or ineffective) are formulated to mitigate risks or optimise opportunities, in line with the Group's risk appetite and strategic objectives. Further details are set out in the Statement on Risk Management and Internal Control.

- **Management of Material Sustainability Matters**

For the management of material sustainability matters, the RSMC develops and implements appropriate management responses, including:

- establishing relevant policies and procedures;
- implementing various initiatives, measures or action plans;
- ensure compliance with applicable laws and regulations;
- setting indicators, goals, targets and timelines aligned with strategic objectives; and
- enhancing or implementing new systems to capture, analyse, and report relevant data.

The RSMC monitors the current status of material sustainability matters and the effectiveness of management responses, including performance against established indicators and targets, and reports to the BRMC the actual performance on an annual basis. The BRMC reviews such reports and provides recommendations to the Board for deliberation and approval.

Stakeholder Engagement

The Board recognises and acknowledges the pivotal role of internal and external stakeholders in supporting the Group's missions and long-term business sustainability. Accordingly, a stakeholder-driven approach to sustainability forms the cornerstone of our sustainability strategy and reporting. Maintaining effective communication, fostering mutual understanding, and building strong relationships with stakeholders through various platforms, continuous dialogue, and sharing of information with stakeholders are essential to sustaining business growth and resilience.

Sustainability Statement

Stakeholder Engagement (Cont'd)

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

In this regard, the Board adopts a strategy of continuous engagement with internal and external stakeholders who are dependent on and/or influenced by the activities undertaken by the 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.

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 RSMC relied on informal engagement channels, including meetings and face-to-face interactions facilitated by Heads of Department and Executive Directors, supplemented by formal channels of communication, such as employees' performance appraisals. These engagements have enabled the Group to validate identified sustainability matters and incorporate stakeholder feedback into its risk management and strategic planning processes.

The Group's stakeholder engagement approach is guided by the Guide and Toolkit: Stakeholder Engagement issued by Bursa Securities, with appropriate adaptations based on the nature and scale of the businesses of the Group.

Following the sustainability assessment performed, the Board has determined, based on stakeholder mapping and profiling exercises conducted by the RSMC and Heads of Department, that the following stakeholder groups have significant influence on, and dependence upon, the Group:

STAKEHOLDER GROUP	ENGAGEMENT OBJECTIVE(S)	PREFERRED ENGAGEMENT METHOD(S)	FREQUENCY OF ENGAGEMENT
Employees	<ul style="list-style-type: none"> ▪ To ensure fair engagement of salary for all levels of employees ▪ To establish career pathways for the workforce at all levels ▪ To have a safe and healthy working environment ▪ To strive for work life balance 	<ul style="list-style-type: none"> ▪ Performance appraisal ▪ Employee's self-evaluation ▪ Memorandum ▪ Electronic mail system ▪ Meetings ▪ Employees' dialogue 	<ul style="list-style-type: none"> ▪ Annually ▪ Ongoing

Sustainability Statement

Stakeholder Engagement (Cont'd)

STAKEHOLDER GROUP	ENGAGEMENT OBJECTIVE(S)	PREFERRED ENGAGEMENT METHOD(S)	FREQUENCY OF ENGAGEMENT
Board of Directors	<ul style="list-style-type: none"> • To ensure business strategies take into consideration sustainable practices • To convey accurate financial and non-financial information for decision making • To comply with good corporate governance • To ensure cybersecurity and continuous safety of the organisation data and assets (including suppliers and customers) 	<ul style="list-style-type: none"> • Committee meetings • Board of Directors meetings 	<ul style="list-style-type: none"> • Annually • Quarterly
Management	<ul style="list-style-type: none"> • To ensure the sustainability of human resources in pursuit of the company's goals 	<ul style="list-style-type: none"> • Meetings • Memorandum • Electronic mail system 	<ul style="list-style-type: none"> • Annually • Quarterly • Monthly • Ongoing
Financial Institutions	<ul style="list-style-type: none"> • To demonstrate financial sustainability • To understand and comply with laws 	<ul style="list-style-type: none"> • Annual report • Public announcements • Meetings 	<ul style="list-style-type: none"> • Annually • Ongoing
Government	<ul style="list-style-type: none"> • To ensure compliance with all relevant laws and regulations 	<ul style="list-style-type: none"> • Official submission • Official letter • Public dialogue involving government officials • Public announcements • Telephone conversation • Face-to-face meetings • Electronic mail system • Periodical audit 	<ul style="list-style-type: none"> • Ongoing
Local Authority	<ul style="list-style-type: none"> • To ensure compliance with relevant laws and regulations 	<ul style="list-style-type: none"> • Official submission • Official letter • Public dialogue • Public announcements • Telephone conversation • Face-to-face meetings • Electronic mail system • Periodical audit 	<ul style="list-style-type: none"> • Ongoing
Customers	<ul style="list-style-type: none"> • To improve customers' satisfaction • To meet potential customers' requirements 	<ul style="list-style-type: none"> • Face-to-face meetings • Electronic mail system • Telephone conversation • Customer audits • Letter of complaint • Official letter • Supplier Corrective Action Reports 	<ul style="list-style-type: none"> • Ongoing

Sustainability Statement

Stakeholder Engagement (Cont'd)

STAKEHOLDER GROUP	ENGAGEMENT OBJECTIVE(S)	PREFERRED ENGAGEMENT METHOD(S)	FREQUENCY OF ENGAGEMENT
Investors	<ul style="list-style-type: none"> To demonstrate financial sustainability 	<ul style="list-style-type: none"> Annual report Annual general meeting Shareholders communication Press releases and public announcements 	<ul style="list-style-type: none"> Annually Quarterly Ongoing
Certification Body	<ul style="list-style-type: none"> To ensure compliance with ISO 9001: 2015, 14001: 2015 and FSC standards 	<ul style="list-style-type: none"> Audit Electronic mail system Telephone conversation Reports 	<ul style="list-style-type: none"> Ongoing
Suppliers	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Supplier's evaluation and appraisal Meetings Conflict of Interest Policy Code of Conduct Electronic mail system Telephone conversation Official letter/ memorandum Supplier audit 	<ul style="list-style-type: none"> Ongoing
Local community	<ul style="list-style-type: none"> To ensure pollution and social ills free community 	<ul style="list-style-type: none"> Corporate social responsibility programme Face-to-face meetings Press release Official letters Electronic mail system Telephone conversation 	<ul style="list-style-type: none"> Ongoing
Media	<ul style="list-style-type: none"> To minimise negative reporting and protect the company image To ensure accuracy of information reported 	<ul style="list-style-type: none"> Press release Telephone conversation 	<ul style="list-style-type: none"> Ongoing
Trade Association	<ul style="list-style-type: none"> To seek for protection of employer's interests and opportunities in business trade Sharing of industrial update 	<ul style="list-style-type: none"> Meetings Forums 	<ul style="list-style-type: none"> Ongoing

Sustainability Statement

Stakeholder Engagement (Cont'd)

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 Management Activities

During the financial year under review, the Group undertook a series of structured activities to identify, assess, manage, and report sustainability matters and performance. These activities reflect the Group's commitment to a systematic and data-driven approach in embedding sustainability throughout its operations.

The key activities carried out are as follows:

- **Stakeholder Mapping and Profiling:**

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

- **Stakeholder Prioritisation Exercise:**

Identified stakeholders were assessed and prioritised based on their degree of influence and dependence using the Board's approved criteria and rating scales. The results of this stakeholder prioritisation exercise enabled the Group to focus engagement efforts on stakeholders with higher significance.

Sustainability Statement

Sustainability Management Activities (Cont'd)

- **Sustainability Matters Identification:**

The RSMC identified relevant sustainability matters through internal sources and informal stakeholder engagement. These engagements, facilitated by Heads of Department, involved direct communication with both internal and external stakeholders to capture key concerns and expectations.

- **Internal Materiality Assessment:**

The RSMC performed the internal materiality assessment by using predetermined criteria and rating scales to assess the significance of identified sustainability matters from the Group's perspective. This process enabled the prioritisation of sustainability matters for further validation.

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

The RSMC assessed the degree of significance of each sustainability matter from stakeholders' perspectives through engagement with internal and external stakeholders. This is conducted via direct communication facilitated by Heads of Department, allowing the Group to understand how such matters influence stakeholder assessments and decision-making.

- **Material Sustainability Matters Determination:**

The results of the stakeholder prioritisation exercise, internal materiality assessment, and the degree of significance of sustainable matters from stakeholders' perspectives were consolidated by the RSMC to prioritise sustainability matters and identify material sustainability matters to the Group. A sustainability matter is deemed material if it exceeds the materiality threshold established by the Board.

Material Sustainability Matters

Material sustainability matters are identified through a structured and systematic materiality assessment process, focusing on EESG factors that are relevant and material 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 takes into consideration the four key principles of sustainability reporting, namely sustainability context, materiality, completeness, and stakeholder inclusiveness, and is conducted through a continuous cycle of identification, prioritisation, validation, and review.

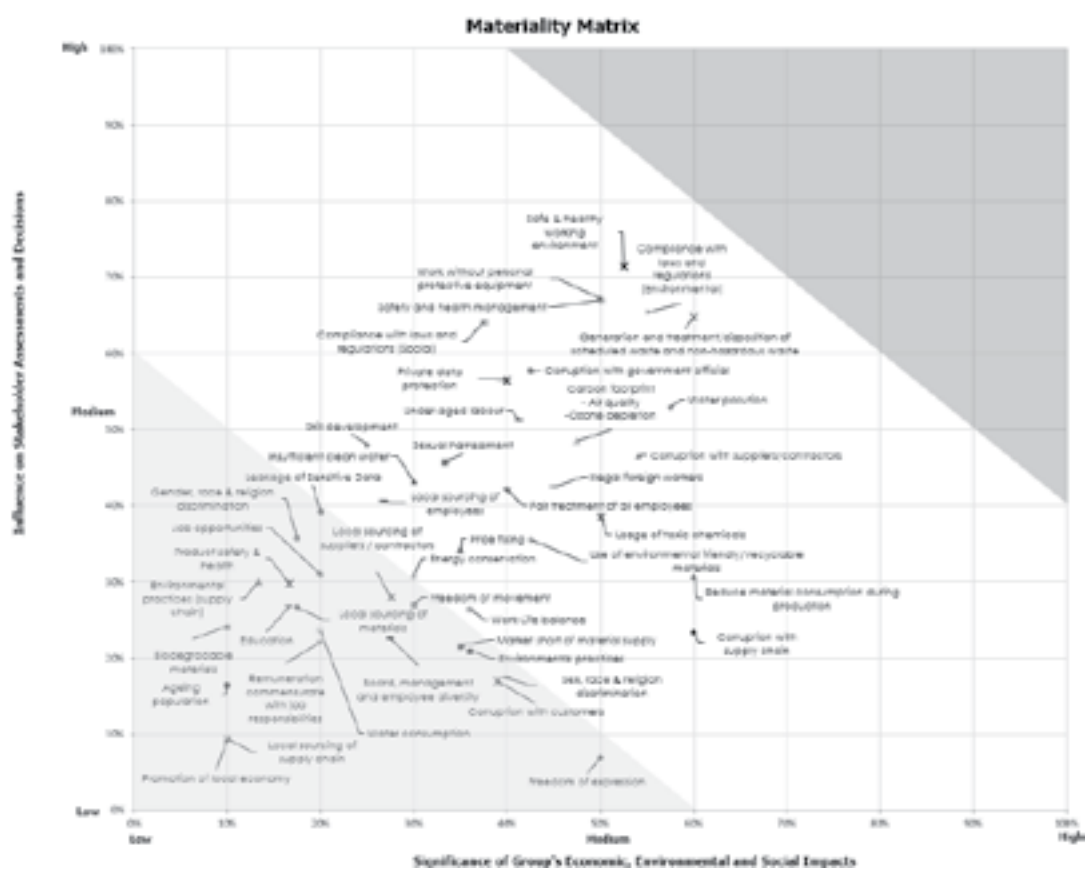
The RSMC undertakes the assessment and prioritisation exercises to identify sustainability matters relevant to the Group's operations. These exercises reflect key sustainability considerations pertinent to each entity's business and geographical context, taking into account the expectations and concerns of the respective stakeholder groups.

Sustainability matters are evaluated and categorised as "Material", "Low and Medium" or "Not Material" through the application of a materiality matrix. The assessment is based on both the significance of the potential impact on the Group's business from Management's perspective, and the extent to which such matters influence stakeholders' assessments and decision-making.

Sustainability Statement

Material Sustainability Matters (Cont'd)

Upon completion of the assessment process, the final list of material sustainability matters, together with supporting details on their identification, assessment and prioritisation, is submitted to the BRMC for thorough review prior to 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 Materiality Matrix below.










Based on the Materiality Matrix, key material sustainability matters have been identified and prioritised by the Management of the Group, taking into consideration input from relevant stakeholder groups. The details of these material matters are set out in the table below:

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 the Occupational Safety and Health Act

Sustainability Statement

Material Sustainability Matters (Cont'd)

Sustainability Matter	Definition	Aspect Boundary		Relevant SDG Goals	Corresponding Risk Register
		Internal Stakeholders	External Stakeholders		
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 the 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 the Environmental Quality Act

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

Ensuring the safety and well-being of employees and stakeholders remain a cornerstone of the Group's sustainability efforts. The Group recognises the importance of maintaining a safe and healthy workplace, not only for its workforce but also for customers, suppliers, contractors and visitors. The Group is committed to providing a productive, dynamic, and safe working environment by minimising the risk of accidents, injuries and exposure to health hazards, to the extent practicable.

In line with this commitment, the Group upholds strict compliance with all applicable occupational 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
- 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

Sustainability Statement

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

Each subsidiary within the 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 fostering a strong safety culture.

In addition, each subsidiary has appointed a dedicated Safety and Health Coordinator who has undergone the required training and is registered with the MyKKP portal. These coordinators support the implementation and monitoring of safety and health practices at the operational level, ensuring alignment with regulatory requirements and industry best practices.

The Group's safety and health efforts are guided by a Group Safety and Health Policy approved by the Chief Executive Director. While implementation is carried out at the subsidiary level, the Group maintains overall oversight to ensure consistency in safety standards, regulatory compliance, and the sharing of best practices across all entities.

Safety and health rules and procedures are established by the respective Safety and Health Committees and endorsed by the Management to ensure that all operational activities are conducted safely and effectively. These measures aim to prevent workplace incidents and promote the well-being of employees and stakeholders. The Group promotes safe practices as part of daily operations, with ongoing monitoring, awareness initiatives, and proactive risk prevention measures. The Group remains committed to its vision of achieving a "Zero Accident" workplace while fostering a "Good, Safe and Pleasant" working environment.

Safety and health audits are conducted regularly 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. 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 operational sites are supported by trained Emergency Response Team, equipped to respond swiftly to emergencies such as fires, chemical spills and medical incidents. Emergency Response Team members undergo specialised training in fire response, evacuation procedures, first aid and emergency communication to ensure prompt and effective response when needed. Regular emergency drills and response simulations are conducted to ensure preparedness and awareness among employees.

In support of the Group's 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 following inspections by the Fire and Rescue Department of Malaysia.

Sustainability Statement

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

The Group conducts safety and health awareness programmes and training initiatives to equip all relevant stakeholders with the competencies required to maintain a safe working environment. 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, cardiopulmonary resuscitation (“CPR”) and first aid, fire evacuation 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 2025	FYE 2024	FYE 2023	TARGET
No. of Employees Trained on Health & Safety Standards				
- Headcount	925	961	538	N/A
- Proportion (%) against Total Employees	100%	100%	57%	100%

Operational safety procedures are established for high-risk activities such as forklift operations, machine handling, and chemical management. Visual guides and procedures are displayed at high-risk areas, supported by periodic training. First aid boxes are strategically placed and regularly inspected by designated First Aid Teams. To enhance workplace safety, improvements such as forklift zone markings, safety signage, trimmed vegetation for visibility, and installation of blinking safety lights at weighbridge stations have been implemented to reduce accident risks.

Additional preventive measures include proper labelling and secure storage of flammable chemicals in dedicated areas, regular safety inspections of electrical systems as well as the prohibition of smoking within the workplace (except at the dedicated smoking areas) are implemented too to reduce the likelihood of fire hazards. Electrical safety training is also conducted on-site by qualified external trainers to enhance employees’ awareness and response to electrical safety risks.

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 visitors. Floor markings and designated pedestrian walkways are implemented across facilities to segregate pedestrian and machinery movement, thereby reducing the risk of collisions. A “Forklift Area – No Pedestrian” signage is prominently displayed at the outgoing warehouse to mitigate forklift-related hazards.

As noise is inevitable in certain production processes, the Group has implemented measures to minimise its impact on employees. The corrugating section has been identified as generating the highest noise levels. Noise exposure levels are periodically assessed by an Environmental Consultant approved by the Department of Occupational Safety and Health (“DOSH”). Engineering controls, such as machinery designed with noise-reducing specifications, are implemented where practicable. In addition, personal protective equipment such as earplugs is provided to relevant employees, particularly in high-noise areas. Audiometric testing is also conducted periodically for exposed employees to monitor potential adverse effects from prolonged noise exposure.

Sustainability Statement

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

The Group provides essential personal protective equipment (“PPE”), including face masks, gloves, safety shoes, safety goggles, safety helmets and safety belts, to safeguard employees against workplace hazards. All machinery is subject to periodic maintenance and inspection to ensure optimal functionality and early detection of defects, thereby reducing the risk of mechanical failures and injuries. Where applicable, Certificates of Fitness are obtained from relevant regulatory authorities to ensure compliance with statutory safety requirements.

Relevant employees and other stakeholders with authorised access to production facilities are required to utilise appropriate PPE provided by the Company per the established safety and health rules and regulations. Besides, all visitors who have appointments with the Company’s personnel are required to register with the security personnel for security clearance before they are permitted access to the Company’s premises. Access to the manufacturing and storage area is also restricted to authorised personnel equipped with the necessary protective gear.

Strategic areas within the Group’s facilities are monitored through closed-circuit television systems while security guards are employed and deployed at important safety control points within the factories to ensure the overall workplace safety. To further enhance workplace hygiene and security, infrastructure upgrades and maintenance have been carried out, including the construction of new restrooms and repairs to factory fencing at certain subsidiaries, which reinforcing our commitment to enhance workplace hygiene, safety and employee well-being.

Occupational safety and health performance is monitored through regular reporting, including monthly progress reports that identify emerging or recurring issues and corresponding corrective measures. These are discussed and reviewed annually during Management Review Meetings. The Group remains committed to achieving a zero-injury workplace, encompassing both minor and major incidents. The incident statistics for the past three (3) financial years are presented below:

ENTITY	No. of Incidents					
	FYE 2025		FYE 2024		FYE 2023	
	Major	Minor	Major	Minor	Major	Minor
Ornapaper Melaka	0	5	3	5	2	2
Ornapaper Batu Pahat	3	1	3	2	1	1
Ornapaper Perak	0	0	0	2	0	0
Ornapaper Johor	1	0	0	0	0	0
Tripack	0	0	0	0	1	0
Ornapaper Plus	0	2	1	3	1	0

Sustainability Statement

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

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 2025	FYE 2024	FYE 2023	TARGET
No. of Work-Related Fatalities (Cases)	0	0	0	Zero fatality annually
Lost Time Incident Rate ("LTIR")	5.67	7.30	4.03	N/A

The Management has been proactively discussing and implementing counter measures to reduce the incident rates 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 employees apart from on-the-job trainings provided. Besides, investments are planned to upgrade and optimise machinery within production lines to further minimise operational hazards and injury risks.

While striving for a zero-injury workforce, we remain vigilant in identifying opportunities to further improve safety performance. Our investments in safety infrastructure and procedures demonstrate our resolve to protect our workforce and uphold a high standard of occupational safety and health. Despite the inherent challenges, the Group maintained full compliance with occupational safety and health regulations during the financial year under review, with no major legal actions, fines, or penalties imposed. Notably, there were no work-related fatalities recorded during the year.

Overall, the Group's commitment to occupational safety and health, supported by decentralised execution across subsidiaries and Group-wide coordination, reflects its dedication to safeguarding employees and stakeholders. Through continuous improvement, regulatory compliance, and proactive risk management, the Group strives to maintain a safe, healthy, and resilient working environment that supports sustainable business operations.

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

The Group recognises its role as a responsible corporate citizen and remains committed to safeguarding the environment, preserving natural resources, and creating long-term value for all stakeholders. Guided by a strong environmental stewardship approach, the Group manages its operations in an environmentally responsible manner through compliance with applicable regulatory requirements and continuous improvement of environmental performance across its operations.

Sustainability Statement

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

The Group recognises its role as a responsible corporate citizen and remains committed to safeguarding the environment, preserving natural resources, and creating long-term value for all stakeholders. Guided by a strong environmental stewardship approach, the Group manages its operations in an environmentally responsible manner through compliance with applicable regulatory requirements and continuous improvement of environmental performance across its operations.

The Group's Environmental Policy, approved by the Chief Executive Director, is a key component of its sustainability framework. The policy outlines the Group's commitment to fulfilling its environmental responsibilities for the benefit of present and future generations. It is publicly available on the corporate website and may also be provided to stakeholders upon request. To reinforce awareness and accountability, the policy is prominently displayed at strategic locations within the Group's premises, including departments, guardhouses, meeting rooms, canteens, and reception areas.

The Environmental Policy outlines the Group's commitment to:

- Fulfil the responsibility as a custodian of the environment for present and future generations.
- Adopt pollution prevention practices and control technologies, where feasible, to minimise pollution.
- Ensure compliance with all applicable regulatory requirements.
- Establish and review appropriate environmental objectives and targets.
- Strive to minimise releases to air, water and land.
- Implement corrective actions to address adverse environmental impacts arising from past practices.
- Provide environmental awareness training to Management and employees.
- Strive for continual improvement of the environmental management system.
- Communicate the environmental policy to 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, the Group has designated and trained qualified personnel as competent persons for scheduled waste management and industrial effluent treatment operations. The Group complies with the Environmental Quality Act 1974 and other relevant environmental laws and regulatory requirements, 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
- Poison Act 1952 (Act 366)
- Poison (Sodium Hydroxide) Regulations 1962
- Occupational Safety and Health (Noise Exposure) Regulations 2019

Sustainability Statement

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

- 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
- Department of Environment (“DOE”) Requirement for Permohonan Guna Tapak

The Group’s compliance efforts are further supported by periodic inspections and assessments conducted by the DOE Malaysia.

As part of its environmental management framework, the Group has obtained ISO 14001:2015 certification, reflecting its commitment to internationally recognised standards for environmental management, regulatory compliance and continual improvement. This certification demonstrates the Group’s structured approach to identifying, managing and mitigating environmental risks across its operations.

Additionally, the Group has obtained Forest Stewardship Council (“FSC”) Chain of Custody (“COC”) certification, which affirms its 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, providing assurance that relevant products are sourced from responsibly managed forests that deliver environmental, social and economic benefits.

To support this commitment, the Group has established an FSC COC Policy, which is publicly available on the corporate website of Ornapaper. The policy provides guidance to employees, suppliers and relevant stakeholders in supporting sustainability practices grounded in the principles of People, Planet and Prosperity (“3Ps”). The Group also monitors relevant suppliers and contractors involved in the production or manufacturing of FSC-certified products to support compliance with applicable FSC sourcing and production requirements.

The Group remains committed to responsible environmental stewardship, with particular emphasis on the proper handling, treatment and disposal of both scheduled and non-hazardous waste generated from its operations. Waste management practices are underpinned by strict adherence to the Environmental Quality (Scheduled Wastes) Regulations 2005 as well as other relevant guidelines issued by the DOE.

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

For non-scheduled waste, comprising general industrial and domestic waste, the Group engages authorised waste collectors to facilitate recycling or appropriate disposal at approved landfill sites, where applicable.

Sustainability Statement

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

Industrial effluent generated from operations is treated and monitored in accordance with applicable regulatory requirements prior to discharge. Periodic monitoring and testing are carried out to ensure compliance with prescribed discharge standards, in line with the Environmental Quality (Industrial Effluent) Regulations 2009.

Besides, grease traps are installed at designated discharge points to capture and prevent oils and other contaminants from entering the drainage system, thereby helping to protect local water quality.

To maintain a clean and hygienic working environment, the Group has implemented pest control measures across its operational facilities. Pest control services are carried out by licensed service providers on a scheduled basis, focusing on the prevention and control of common pests such as rodents and insects. Regular inspections and monitoring are conducted to ensure the effectiveness of these measures, thereby minimising potential contamination risks and supporting overall environmental hygiene within the Group's premises.

To further reduce environmental impact, the Group has implemented stack emission monitoring systems at relevant facilities to enable real-time monitoring and control of emissions from chimneys and stacks. Although the Group's manufacturing processes do not generate significant air emissions, the Group remains committed to complying with the Environmental Quality (Clean Air) Regulations 2014. Engineering controls are also incorporated into machinery and operational processes, where appropriate, to minimise emissions, reduce waste generation and optimise resource utilisation.

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

- Cleaning of clogged drains in the vicinity of operational facilities to help prevent flooding and improve hygiene, showcasing the Group's concern for community welfare;
- Continued investment in on-site solar energy infrastructure through the installation of solar panels on factory rooftops to generate renewable energy, offset electricity consumption, and reduce carbon emissions; and
- Integration of digital printing technology into production processes to enhance efficiency while reducing material wastage, aligning with the Group's commitment to sustainable resource management.

The Group also adopts the "Reduce, Reuse, Recycle" ("3Rs") approach to minimise waste generation and conserve resources across its 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 returning empty cartridges to suppliers for refilling.
- Recycling trim waste, paper cores, strapping bands, metal scraps and rejected cartons to conserve energy and natural resources and ultimately reduce pollution.
- Reusing cleaning water in glue starch generation to reduce water consumption.
- Reusing hydraulic lubricants extracted during the maintenance of corrugating rolls.
- Returning reusable plastic containers to suppliers for repeated use.
- Repairing and reusing pallets.
- Promoting energy and water conservation through awareness reminders placed at strategic locations to encourage employees to switch off unused lights, air-conditioners, computers and water taps.

Sustainability Statement

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

The Group continuously monitors its energy and water consumption to identify opportunities for efficiency improvement. The total energy and water consumption across the Group for the financial years ended 31 December 2023, 2024 and 2025 are presented in the tables below:

ORNAPAPER GROUP – ANNUAL ENERGY CONSUMPTION						
Energy Source (in GJ) *	FYE 2025		FYE 2024		FYE 2023	
Diesel	14,960		8,307		7,624	
Petrol	5,383		4,839		3,263	
LPG	636		564		512	
Natural Gas	48,207		24,753		17,900	
Lubricant	136		109		169	
Purchased Electricity	24,142		24,489		20,792	
Solar Energy (Self-Generated)	5,003		2,941		3,032	
Biomass (Self-Generated)	96,232		85,126		-Nil**	
Total Energy Consumed	194,699		151,128		53,292	
Energy Source (in MWh) *	FYE 2025		FYE 2024		FYE 2023	
Diesel	4,156		2,308		2,118	
Petrol	1,495		1,344		906	
LPG	177		157		142	
Natural Gas	13,391		6,876		4,972	
Lubricant	38		30		47	
Purchased Electricity	6,706		6,803		5,776	
Solar Energy (Self-Generated)	1,390		817		842	
Biomass (Self-Generated)	26,731		23,646		-Nil**	
Total Energy Consumed	54,084		41,981		14,803	
Breakdown by Type of Energy:	FYE 2025		FYE 2024		FYE 2023	
Renewable Energy	101,235 GJ	52%	88,066 GJ	58%	3,032 GJ	6%
Non-Renewable Energy	93,464 GJ	48%	63,061 GJ	42%	50,260 GJ	94%

* Energy data conversion is based on the UK Government GHG Conversion Factors for Company Reporting 2023.

**Biomass energy data for FYE 2023 is unavailable as such records were not maintained during that period.

ORNAPAPER GROUP – ANNUAL WATER CONSUMPTION				
Description	FYE 2025	FYE 2024	FYE 2023	TARGET
Total Water Consumption (Megalitre)	60.29	56.86	53.85	N/A
Total Water Consumed/Production Output (m³/MT)	0.56	0.53	0.57	0.70

Sustainability Statement

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

In line with its proactive environmental management approach, the Group has 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 its environmental footprint and enhancing operational sustainability. Performance against these objectives is systematically monitored and reviewed periodically, and corrective actions are implemented where necessary to ensure continual improvement and ongoing compliance with regulatory requirements.

The environmental objectives, targets and corresponding performance outcomes of respective companies within the Group are set out in the tables below.

ORNAPAPER MELAKA	
Environmental Objective(s)	Environmental Target(s)
1. To control water consumption	To ensure that water consumption does not exceed an average of 0.7 m ³ /MT for the next twelve months.
2. To control electricity consumption	To ensure that electricity consumption does not exceed 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 does not exceed 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 2025	FYE 2024	FYE 2023	TARGET
Average Water Consumed/MT (m ³ /MT)	0.32	0.33	0.36	0.7
Average Electricity Consumed/MT (kWh/MT)	61	56	52	50 (with 10% tolerance)

For FYE 2025, Ornapaper Melaka recorded an average electricity consumption of 60.75 kWh/MT, which exceeded the target of 50 kWh/MT (with a 10% tolerance). The variance was mainly attributable to higher operational activity during the year, including increased production volume and the expansion of converting and finishing processes, which contributed to higher overall electricity usage.

Sustainability Statement

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

➤ Water and Electricity Consumption (For Ornapaper Melaka): (Cont'd)

These developments are aligned with the Group's long-term operational growth strategy to enhance production capacity and product offerings. Management remains committed to improving energy efficiency and will continue to monitor electricity consumption closely while implementing optimisation initiatives to enhance performance over time. Management will also continue to monitor electricity consumption trends and assess the appropriateness of its energy intensity targets in line with operational developments.

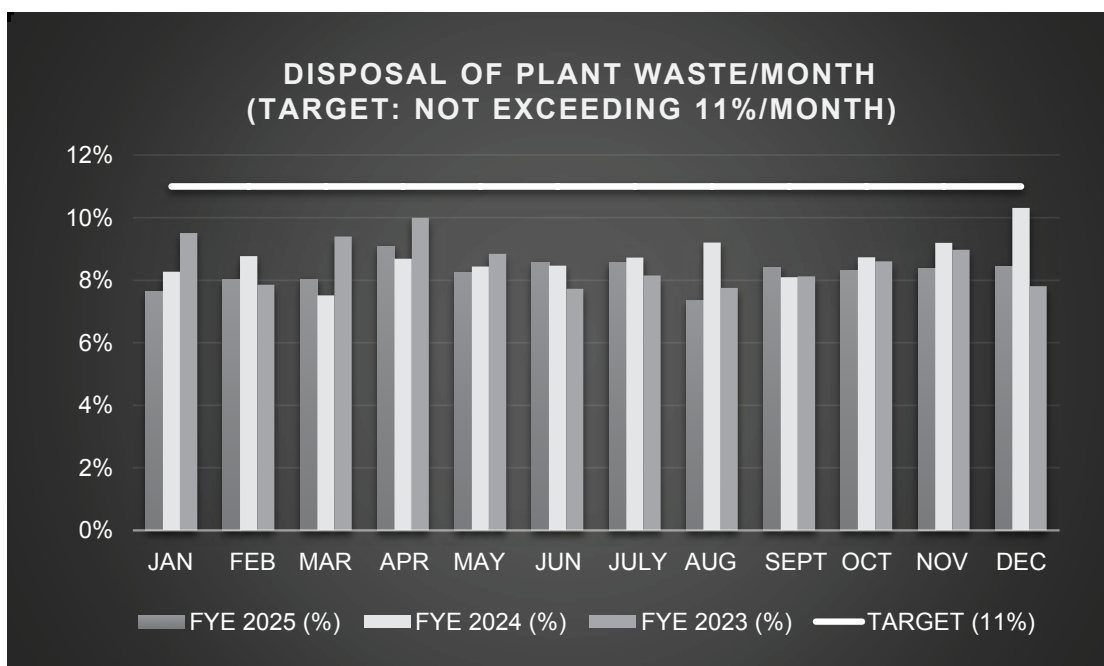
➤ Gas Consumption (For Ornapaper Melaka):

	FYE 2025	FYE 2024	FYE 2023	TARGET
Average Gas Consumed/MT (GJ/MT)	0.90	0.87	0.87	1.10

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

	FYE 2025	FYE 2024	FYE 2023	TARGET
Average Glue Sludge Generated/Year (MT/year)	19.62	12.83	14.11	25
Average Ink Sludge Generated/Month (MT/month)	4.87	3.89	2.14	10

➤ Disposal of Plant Waste (For Ornapaper Melaka):



Sustainability Statement

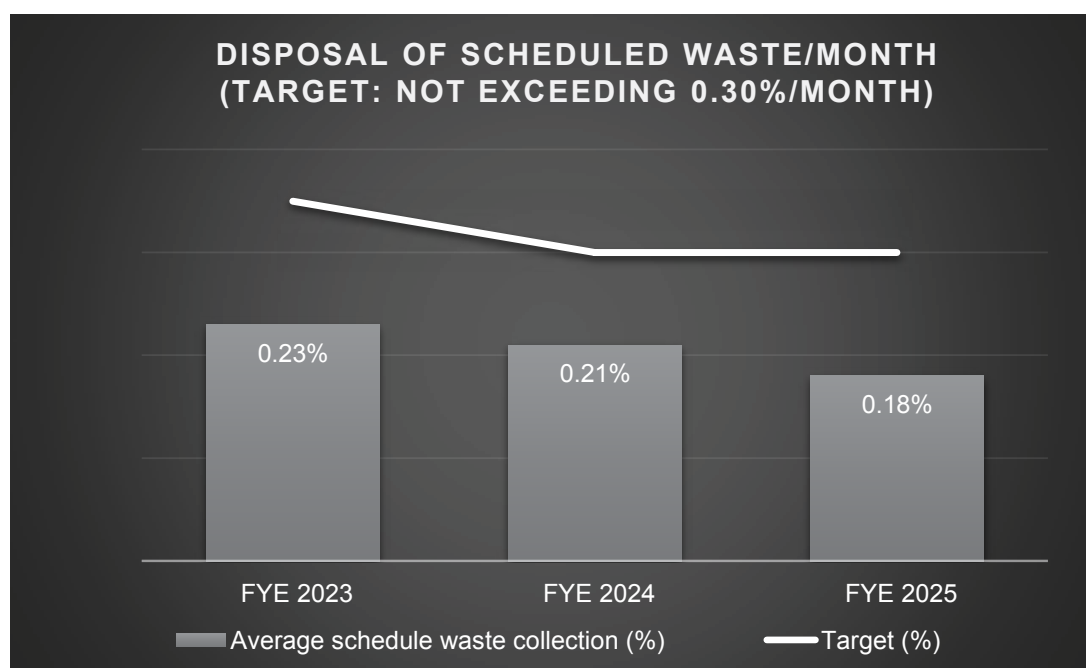
Environment - Compliance with Environmental Laws and Regulations, Generation and Treatment/Disposition of Scheduled Waste and Non-Hazardous Waste (Waste and Effluent) (Cont'd)

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 m ³ /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.

➤ Water and Electricity Consumption (For Ornapaper Batu Pahat):

	FYE 2025	FYE 2024	FYE 2023	TARGET
Average Water Consumed/MT (m ³ /MT)	0.87	0.85	0.79	1.0
Average Electricity Consumed/MT (kwh/MT)	80.67	89.77	90.15	83 (with 10% tolerance)

➤ Disposal of Scheduled Wastes (For Ornapaper Batu Pahat):



Sustainability Statement

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

ORNAPAPER PERAK	
Environmental Objective(s)	Environmental Target(s)
1. To control energy consumption	To ensure that energy consumption does not exceed an average of 70.32 kWh/MT for the next twelve months.
2. To control water consumption	To ensure that water consumption does not exceed 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.

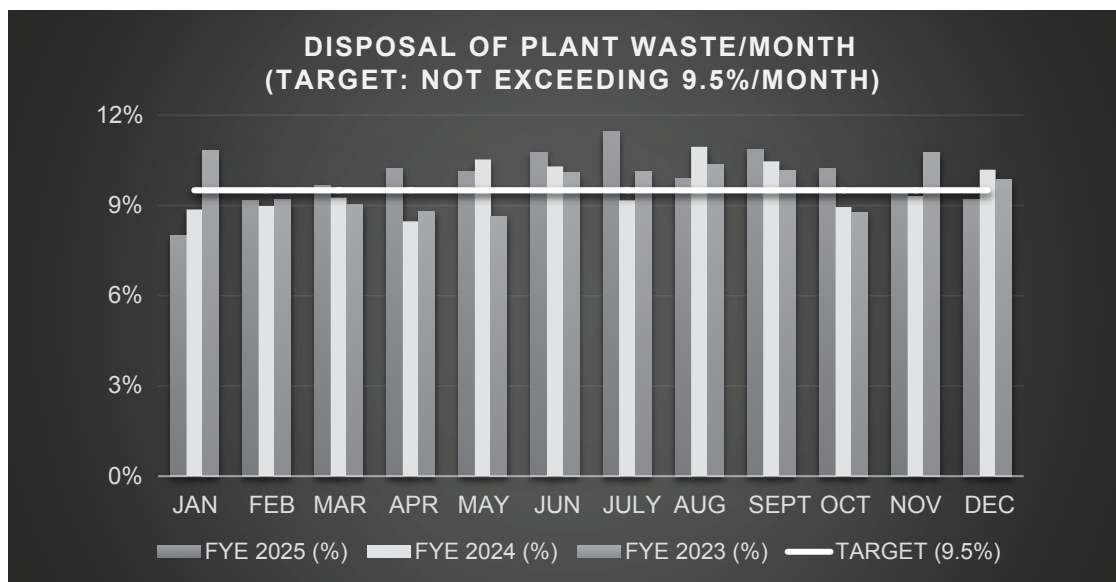
➤ **Energy and Water Consumption (For Ornapaper Perak):**

	FYE 2025	FYE 2024	FYE 2023	TARGET
Average Energy Consumed/MT (kwh/MT)	35.58	53.09	51.49	70.32
Average Water Consumed/MT (m ³ /MT)	0.35	0.40	0.37	0.90

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

	FYE 2025	FYE 2024	FYE 2023	TARGET
Average Ink Sludge Generated/Month (kg/month)	1,610	1,506	1,280	2,000

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



Sustainability Statement

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

➤ Disposal of Plant Waste (For Ornapaper Perak):

For several months in FYE 2025, Ornapaper Perak recorded plant waste disposal levels exceeding the targeted threshold of 9.5% per month. This was mainly due to unexpected failures in certain corrugator machine components, which affected operational inefficiency and led to increased plant waste generation. Replacement of the affected parts is currently in progress, with some components already rectified.

Management continues to adopt a proactive approach through enhanced monitoring of plant waste trends and timely maintenance interventions. Ongoing corrective actions, including the replacement of defective components and preventive maintenance practices, are being consistently implemented to minimise waste generation and improve operational efficiency, with the aim of maintaining disposal levels within the established target going forward.

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

➤ Water and Electricity Consumption (For Ornapaper Johor):

	FYE 2025	FYE 2024	FYE 2023	TARGET
Average Water Consumed/pcs (m ³ /pcs)	0.0002	0.0002	0.0003	0.0004
Average Electricity Consumed/pcs (kWh/pcs)	0.04	0.03	0.04	0.05

➤ Generation of Ink Sludge (For Ornapaper Johor):

	FYE 2025	FYE 2024	FYE 2023	TARGET
Average Ink Sludge Generated/6-Month Period (MT/6-month period)	17.21	12.62	10.27	10.5

Sustainability Statement

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

> **Generation of Ink Sludge (For Ornapaper Johor): (Cont'd)**

For FYE 2025, Ornapaper Johor recorded an average ink sludge generated of 17.21 MT per six-month period, which exceeded the target of 10.5 MT. The variance was primarily attributable to higher production activity during the year, including increased machine utilisation and more frequent changes in production requirements, which resulted in higher ink usage and subsequent sludge generation. In addition, improvements in measurement and recording practices during the year have resulted in more accurate capture of ink sludge quantities, contributing to the higher reported volume. Despite the increase, Management remains committed to waste minimisation and will continue to enhance process efficiency, optimise chemical usage and improve sludge handling practices to reduce ink sludge generation over time.

TRIPACK	
Environmental Objective(s)	Environmental Target(s)
1. To control water consumption	To ensure that water consumption does not exceed an average of 0.45 m ³ /MT for the next twelve months.
2. To control energy consumption	To ensure that energy consumption does not exceed an average of 55 kWh/MT for the next twelve months.
3. To reduce disposal of paper waste	To ensure the disposal of paper waste not exceeding 5%/month.

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

	FYE 2025	FYE 2024	FYE 2023	TARGET
Average Water Consumed/MT (m³/MT)	0.77	0.37	0.30	0.45*
Average Energy Consumed/MT (kWh/MT)	61.18	53.92	54.38	55*

* Targets for average water and energy consumption were revised for FYE 2025 to align with updated operational requirements and efficiency initiatives.

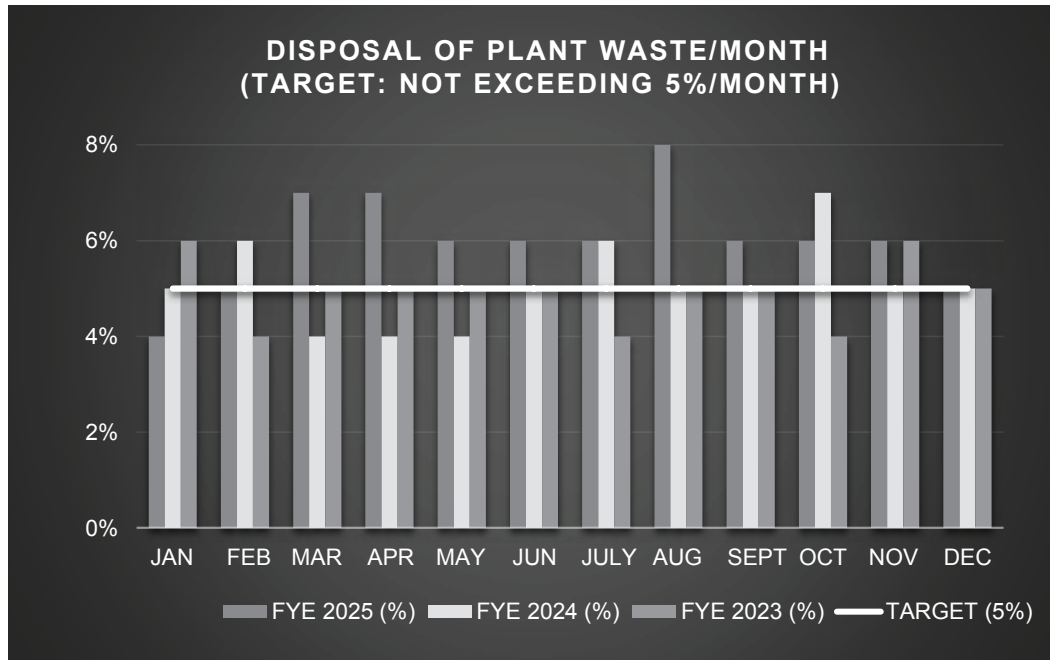
For FYE 2025, Tripack recorded an average water consumption of 0.77 m³/MT and average energy consumption of 61.18 kWh/MT, both of which exceeded the respective targets set for the year. The variance was primarily attributable to higher operational activity during the year, including increased production volume and the utilisation of additional machinery, which contributed to higher overall resource consumption. In addition, operational factors such as production variability and process requirements, including frequent machine adjustments and colour changes, have also contributed to higher consumption levels for both water and energy.

Management remains committed to improving resource efficiency and will continue to implement optimisation initiatives, enhance operational practices, and monitor consumption trends closely to improve performance over time.

Sustainability Statement

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

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



For FYE 2025, Tripack recorded plant waste disposal levels that exceeded the target of not more than 5% per month. The variance was primarily attributable to higher production output during the year, which led to an increase in paper waste generation. In addition, operational factors such as production variability and material handling during processing have contributed to higher waste levels in certain periods. Management remains committed to waste reduction and will continue to enhance operational practices, strengthen employee awareness and training, and implement process optimisation initiatives to improve material utilisation and reduce waste generation over time.

ORNAPAPER PLUS	
Environmental Objective(s)	Environmental Target(s)
1. To control water consumption	To ensure that water consumption does not exceed an average of 1.5 m ³ /MT for the next twelve months.
2. To control electricity consumption	To ensure that electricity consumption does not exceed an average of 120 kWh/MT for the next twelve months.
3. To reduce generation of ink waste	To ensure that generation of ink waste does not exceed an average of 1.000 MT/month.

Sustainability Statement

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

➤ **Water and Electricity Consumption (For Ornapaper Plus):**

	FYE 2025	TARGET
Average Water Consumed/M T (m ³ /MT)	4.1	1.5
Average Electricity Consumed/M T (kWh/MT)	101	120

For FYE 2025, Ornapaper Plus recorded an average water consumption of 4.1 m³/MT, which exceeded the target of 1.5 m³/MT. The variance was primarily attributable to abnormal water usage during the year arising from leakage within the piping system, which resulted in higher overall water consumption over the affected period. Following the identification of the issue, rectification works were carried out, and water consumption levels have shown improvement subsequently. Management remains committed to improving water efficiency and will continue to strengthen monitoring and maintenance practices, including periodic inspection of piping systems, to prevent recurrence and enhance overall water management performance.

➤ **Generation of Ink Waste (For Ornapaper Plus):**

	FYE 2025	TARGET
Average Ink Waste Generated/Month (MT/month)	0.986	1.000

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 training. 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 2025	YEAR 2024	YEAR 2023
NO. OF ENVIRONMENTAL MANAGEMENT SYSTEM (“EMS”) RELATED TRAINING	ORNAPAPER MELAKA	201	221	163
	ORNAPAPER BATU PAHAT	126	147	176
	ORNAPAPER PERAK	149	97	84
	ORNAPAPER JOHOR	39	19	19
	TRIPACK	15	10	11
	ORNAPAPER PLUS	81	54	34

During the financial year under review, there were no material legal actions, fines, or monetary sanctions imposed on the Group in relation to environmental matters. The Group remains committed to regulatory compliance and continues to take prompt corrective and preventive measures to address any identified non-compliance and ensure adherence to applicable environmental requirements across all operations.

Sustainability Statement

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, which came into effect on 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.

Governance and Framework

Under the Group's Code of Conduct, particularly in relation to avoiding conflicts of interest and upholding business integrity, the Group adopts a strict zero-tolerance policy towards all forms of unethical conduct. This includes bribery, corruption, extortion, embezzlement (including the act of promising, offering, giving, or accepting any form of bribe), as well as money laundering. The Group is committed to complying with all applicable anti-bribery and corruption laws and regulations, in addition to adhering to its established Anti-Bribery and Corruption ("ABC") Framework.

To demonstrate strong top-level commitment, the Group has established a comprehensive ABC Framework, which reinforces its zero-tolerance stance towards any form of corrupt practices. Oversight of the ABC Framework lies with the Group's senior management and is monitored by the Audit Committee to ensure its effectiveness, independence, and continuous improvement of anti-corruption practices and internal controls. The Code of Conduct and ABC Framework, both publicly available on the Company's corporate website, provide guidance to employees and business associates on the expected standards of conduct and ensure compliance with applicable laws and regulations. All business dealings are required to be conducted in a transparent manner and accurately recorded, supported by adequate monitoring and enforcement mechanisms.

Employees and officers who refuse to engage in corrupt acts or bribe-related conduct are protected, even if such refusal results in the loss of business opportunities. This firm stance underscores the Group's commitment to ethical conduct over commercial gain.

Risk Management and Internal Controls

The Group adopts a comprehensive approach to managing bribery and corruption risk, covering 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.

Sustainability Statement

Anti-Bribery and Corruption (Cont'd)

Risk Management and Internal Controls (Cont'd)

	FYE 2025	FYE 2024	FYE 2023	TARGET
Percentage of Operations Assessed for Corruption-Related Risk (%)	100%	100%	100%	100%

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.

Training and Awareness

The Group actively promotes a culture of integrity through continuous awareness programmes and training initiatives for both new and existing employees. These sessions are designed to reinforce the Group's anti-bribery and anti-corruption policies, while fostering a strong culture of ethical conduct, transparency, and accountability across all levels of the organisation.

The Group has set a target of achieving at least 90% employee coverage for ABC training. The Group is pleased to report that it has not only met but exceeded this target, achieving 100% training coverage since FYE 2024, and successfully maintaining full participation in FYE 2025. This reflects the Group's strong commitment to ensuring that all employees are adequately trained and aware of their responsibilities in upholding ethical standards.

Sustainability Statement

Anti-Bribery and Corruption (Cont'd)

Training and Awareness (Cont'd)

	FYE 2025	FYE 2024	FYE 2023	TARGET
% Employees Received Training on Anti-Corruption	100%	100%	80%	> 90%
Employee Category (By Level)				
- Managerial and Above	100%	100%	77%	
- Executive and Below	100%	100%	80%	
Employee Category (By Function)				
- Administrative	100%	100%	80%	
- Production	100%	100%	80%	

Whistleblowing Mechanism

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 2025, there were zero whistle-blowing reports filed through both the whistleblowing channel and the incident reporting channel under the Group's anti-bribery and corruption management function. This reflects the continued effectiveness of the Group's internal controls, ethical culture and preventive measures.

	FYE 2025	FYE 2024	FYE 2023	TARGET
No. of Confirmed Corruption Incidents	0	0	0	Zero incidents

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 its social sustainability strategy. At the heart of this approach lies a deliberate and strategic sourcing policy, whereby the majority of primary raw materials are procured from local suppliers. This commitment reflects its dual focus on ensuring quality and reliability, while simultaneously generating positive socio-economic impacts within the communities where it operates.

By prioritising local sourcing where 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 the Group’s overarching commitment to shared prosperity, inclusive economic participation, and sustainable development.

In addition to economic contributions, the Group’s 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. Close engagement with supply partners enhances operational responsiveness and enables the Group to work collectively with suppliers to improve standards and promote 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 its supply chain but also reinforces the Group’s commitment to broader EESG principles. By embedding responsible sourcing into its 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.

	FYE 2025	FYE 2024	FYE 2023
Proportion of Spending on Local Suppliers	90%	86%	89%

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. The Group is deeply conscious of its duty to safeguard the personal and confidential information entrusted to us by our stakeholders, including employees, customers, and suppliers.

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.

Sustainability Statement

Data Privacy and Security (Cont'd)

The Group uphold the principles of transparency, confidentiality, and accountability in all aspects of personal data processing. All employees handling personal data are guided by established policies and procedures to ensure compliance with applicable data protection requirements.

The Group is pleased to report that there were no substantiated complaints concerning breaches of customer privacy or loss of customer data during the financial year under review, reflecting the effectiveness of controls put in place and its continued emphasis on high standards of data protection.

The Group remains committed to strengthening its data governance capabilities by continually reviewing and enhancing data security controls in response to evolving risks, technological developments, and regulatory expectations. Ongoing employee awareness and training programmes are also conducted to reinforce a culture of vigilance and accountability in data management.

	FYE 2025	FYE 2024	FYE 2023	TARGET
No. of Substantiated Complaints Concerning Breaches of Customer Privacy & Losses of Customer Data	0	0	0	Zero complaints

Social

The Group recognises the importance of upholding strong social values across its value chain as a cornerstone of responsible and sustainable business practices. The Group believes that long-term success is measured not only by financial performance, but also by its ability to build and maintain positive relationships with stakeholders, including employees, customers, suppliers, and the communities in which it operates. Accordingly, the Group is committed to fostering trust-based relationships rooted in ethical conduct, transparency, accountability, and mutual respect.

Human Capital Development

The Group's workforce is a key driver of its long-term sustainability and business success. The Group is committed to ensuring fair and equitable treatment of all employees, while providing a safe, healthy, and conducive working environment. Continuous investment in employee development enables the enhancement of skills, knowledge, and capabilities, empowering employees to contribute effectively to the organisation while advancing their career aspirations.

To attract and retain talent, the Group offers competitive remuneration and benefits that are commensurate with employees' duties and responsibilities. Employees are encouraged to participate in training and development programmes covering technical, functional, and interpersonal competencies. These initiatives support continuous learning and career progression within the organisation.

A performance-based culture is embedded within the Group's human resource practices, where employee contributions are recognised and rewarded based on performance and competencies. 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.

Sustainability Statement

Social (Cont'd)

Workplace Culture and Ethics

The Group promotes a positive and inclusive workplace environment that encourages open communication and active employee engagement. In reinforcing a culture of transparency and accountability, the Group maintains established channels for whistleblowing and Anti-Bribery and Corruption Management reporting, as well as a structured Grievance System.

Employees are encouraged to report any unethical conduct or grievances through these established channels without fear of retaliation, and the Group is committed to maintaining confidentiality and protecting whistleblowers in strict accordance with its policies.

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 form of unwanted or inappropriate conduct, whether verbal, non-verbal, physical, visual, or psychological.

Occupational Safety and Health

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.

Diversity, Inclusion and Employee Welfare

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 complaint mechanisms. The Group also enforces a strict policy against illegal employment.

Sustainability Statement

Social (Cont'd)

Labour Standards and Human Rights

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, which is available on the corporate website of Ornopaper. The Group upholds these standards, as set out below to ensure the well-being and dignity of its workforce while fostering a culture of respect, fairness, and inclusivity.

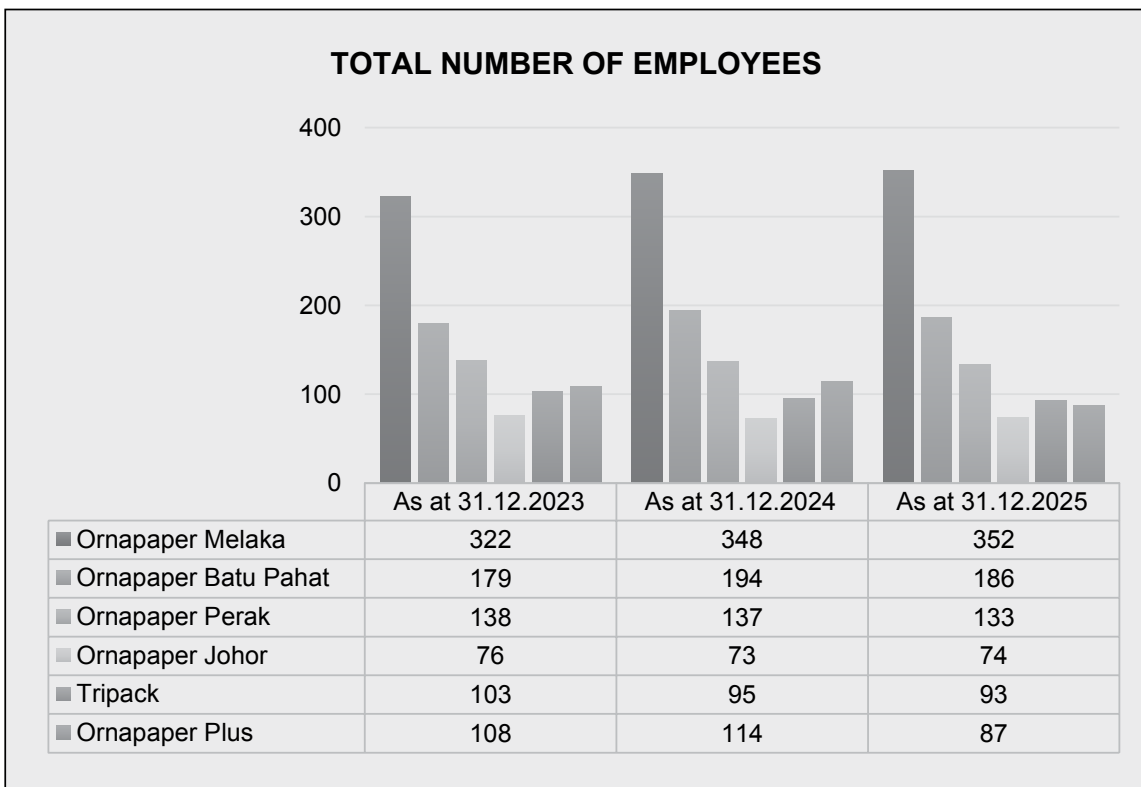
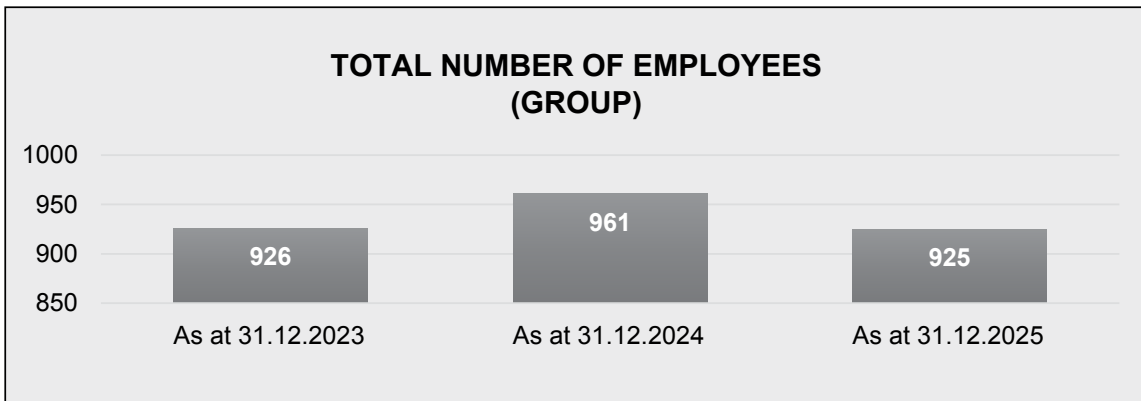
- (a) No forced, bonded and indentured labour.
 - Under no circumstances shall forced labour be used, whether in the form of compulsory or trafficked labour, indentured labour, bonded labour, or any other forms of involuntary labour.
 - Mental and physical coercion, slavery and human trafficking are prohibited.
 - Workers are not required to work beyond regular hours, and all overtime work by workers is strictly on a voluntary basis.
- (b) No child labour.
 - All workers employed must be above eighteen (18) years of age, or above the local legal minimum age for employment 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

Social (Cont'd)

Workforce Profile

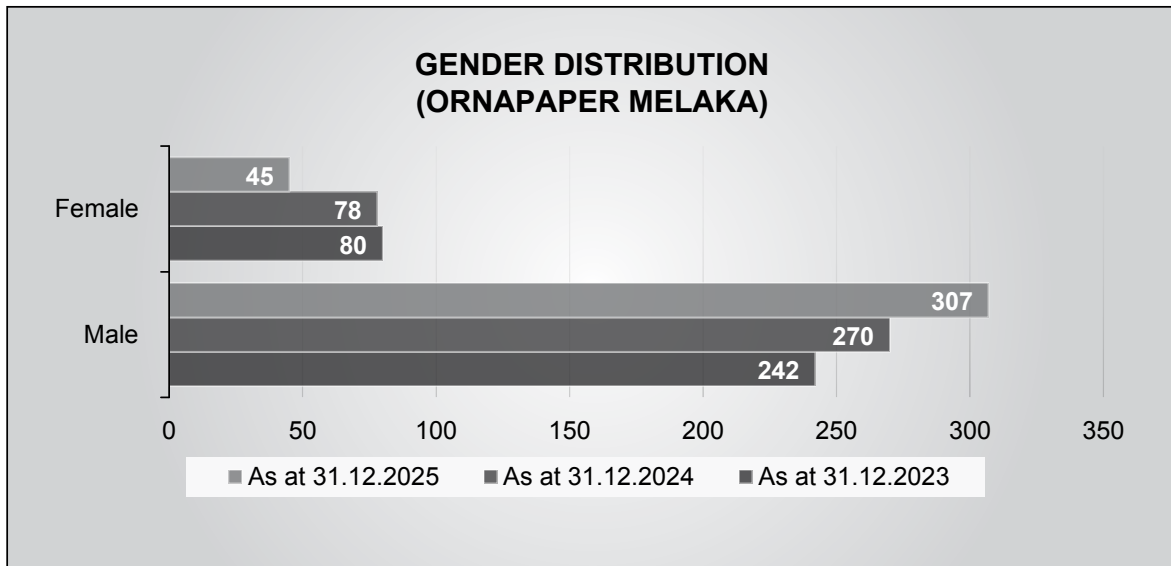
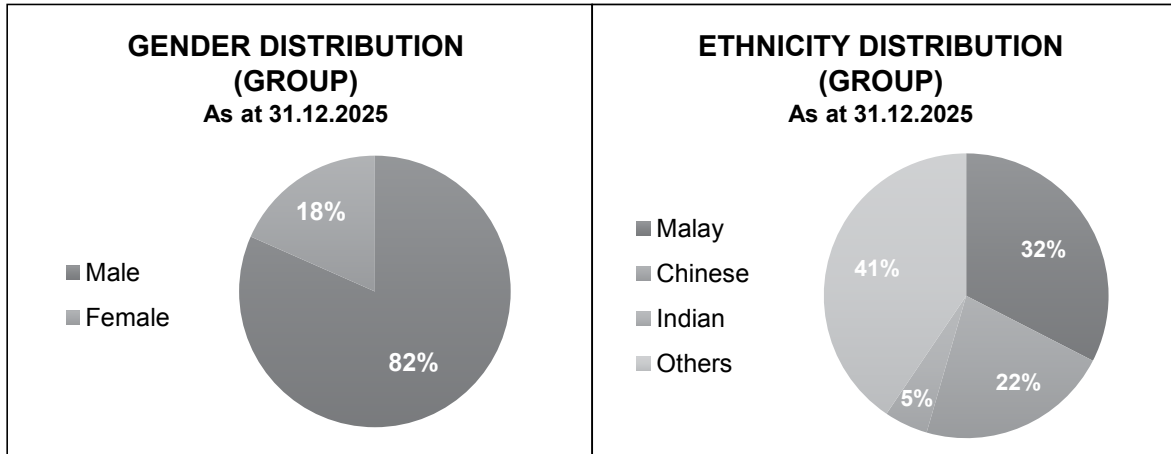
A full breakdown of the Group's workforce, including by individual subsidiaries, namely, Ornapaper Melaka, Ornapaper Batu Pahat, Ornapaper Perak, Ornapaper Johor, Tripack and Ornapaper Plus, is illustrated below.



Sustainability Statement

Social (Cont'd)

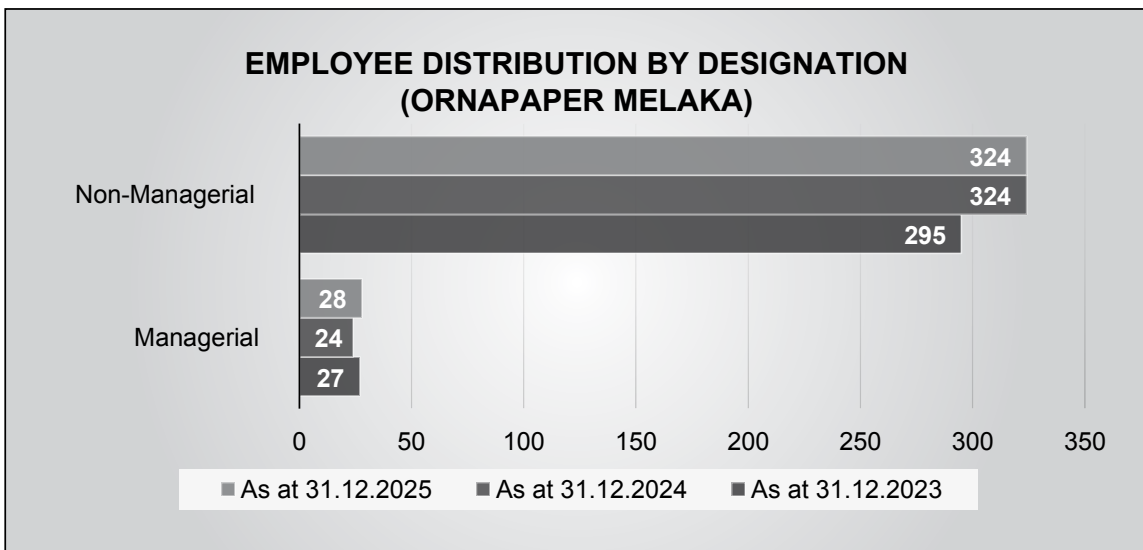
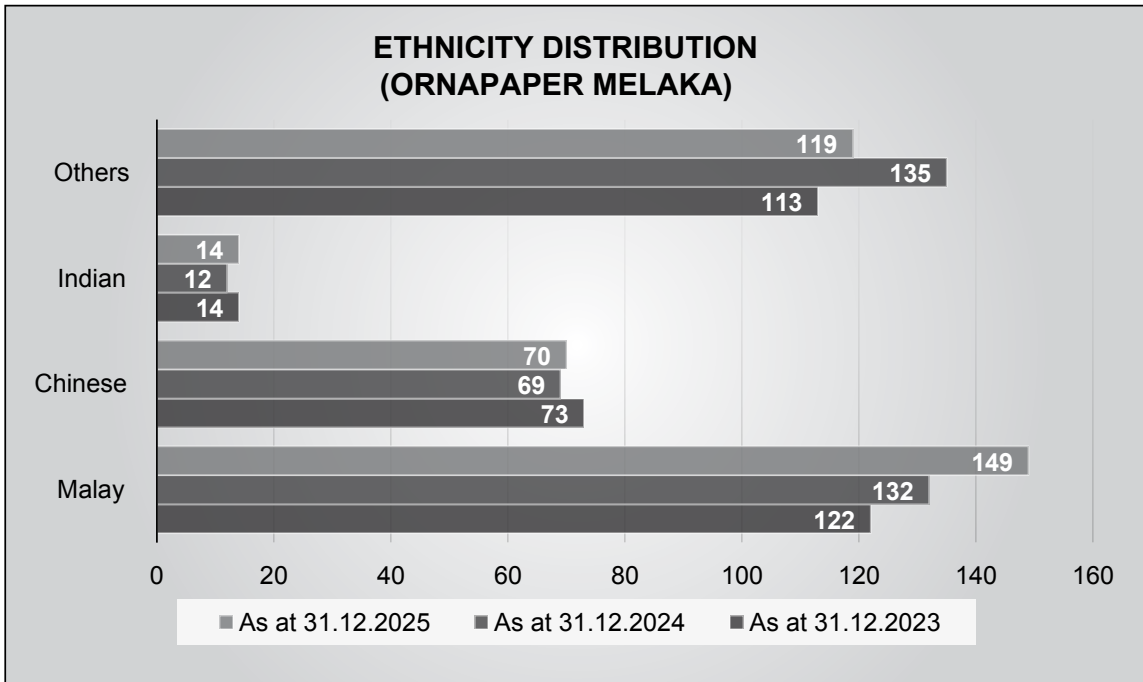
Workforce Profile (Cont'd)



Sustainability Statement

Social (Cont'd)

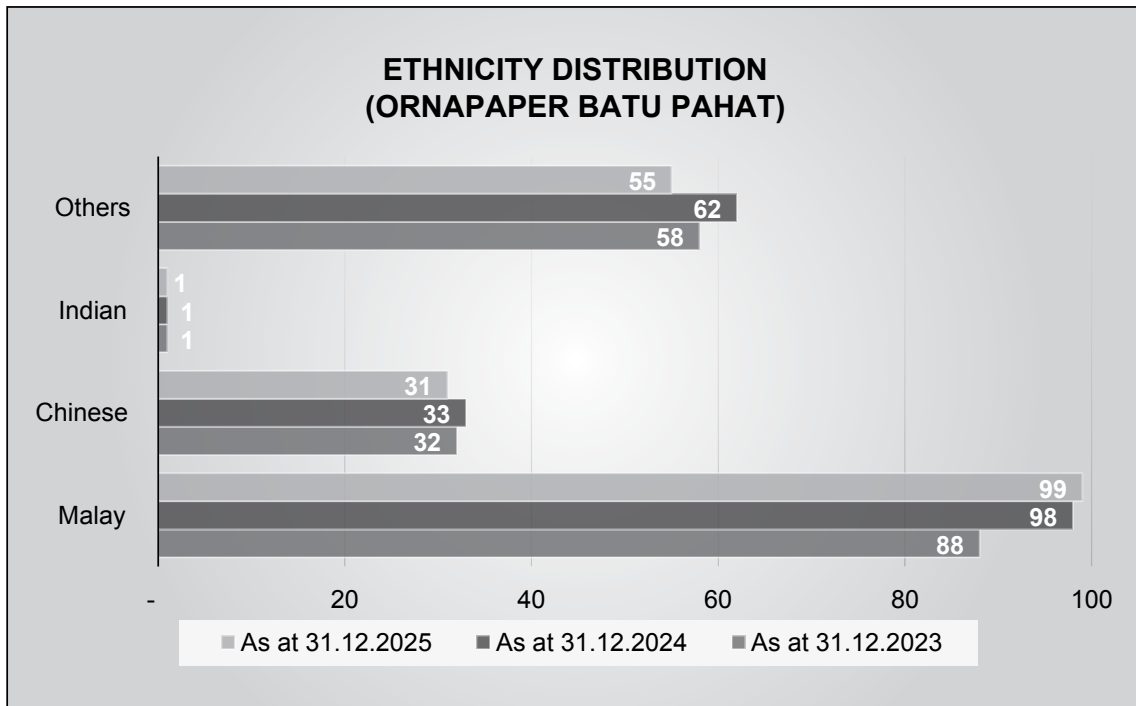
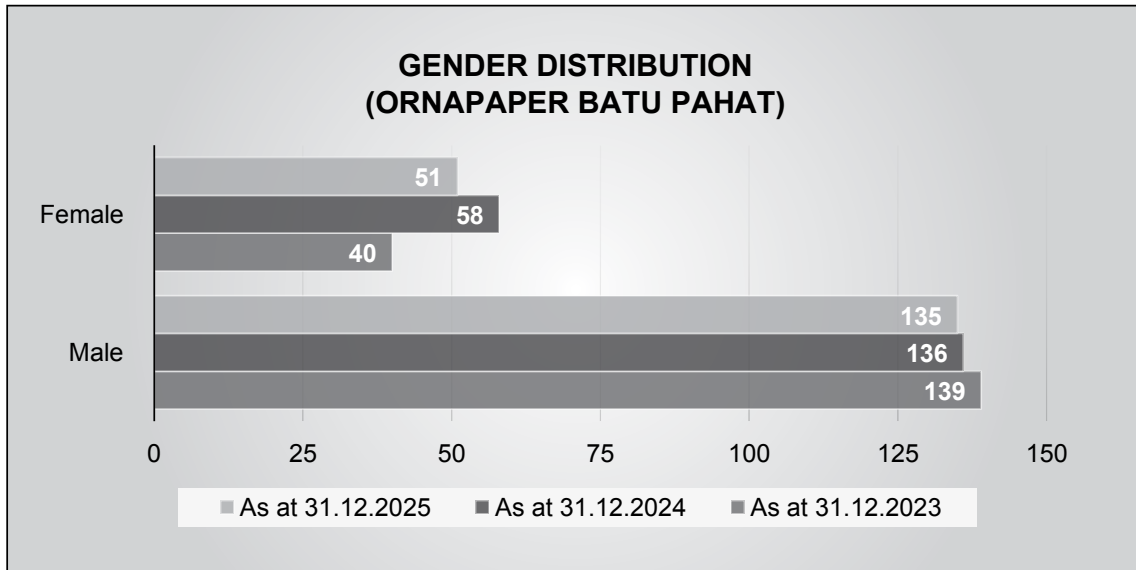
Workforce Profile (Cont'd)



Sustainability Statement

Social (Cont'd)

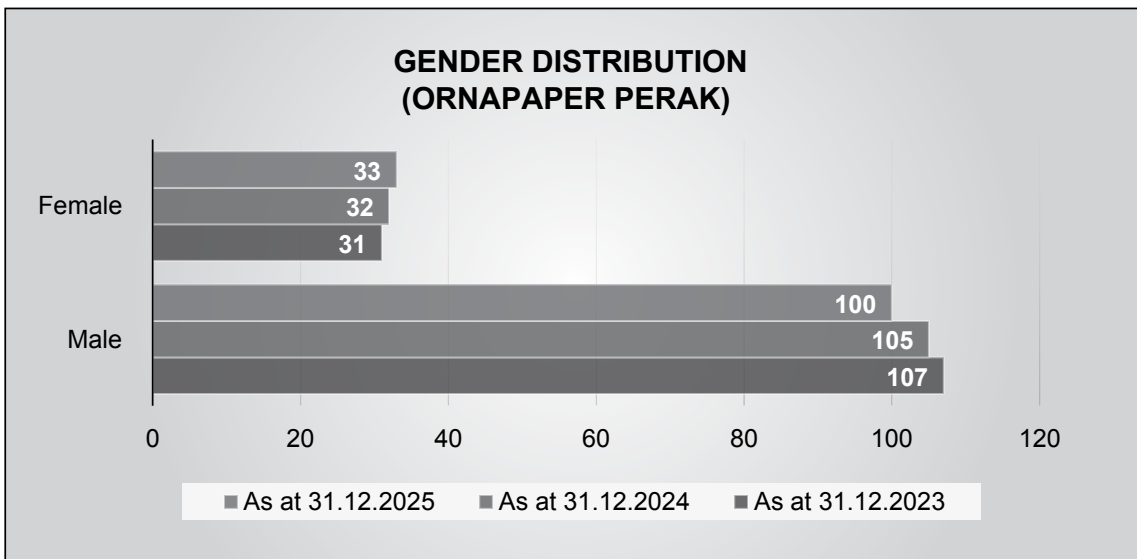
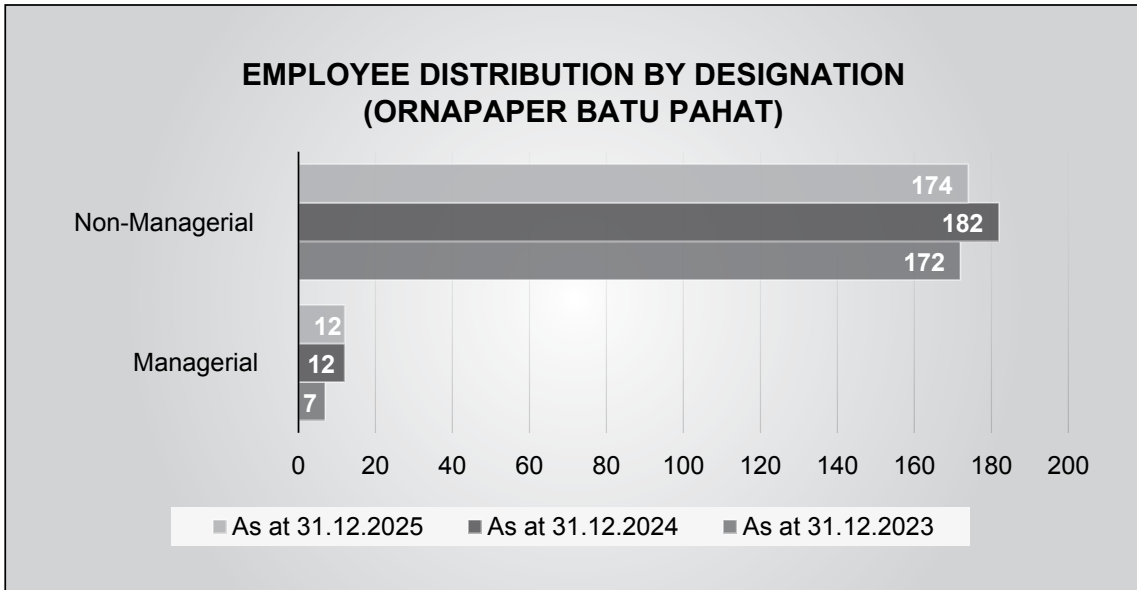
Workforce Profile (Cont'd)



Sustainability Statement

Social (Cont'd)

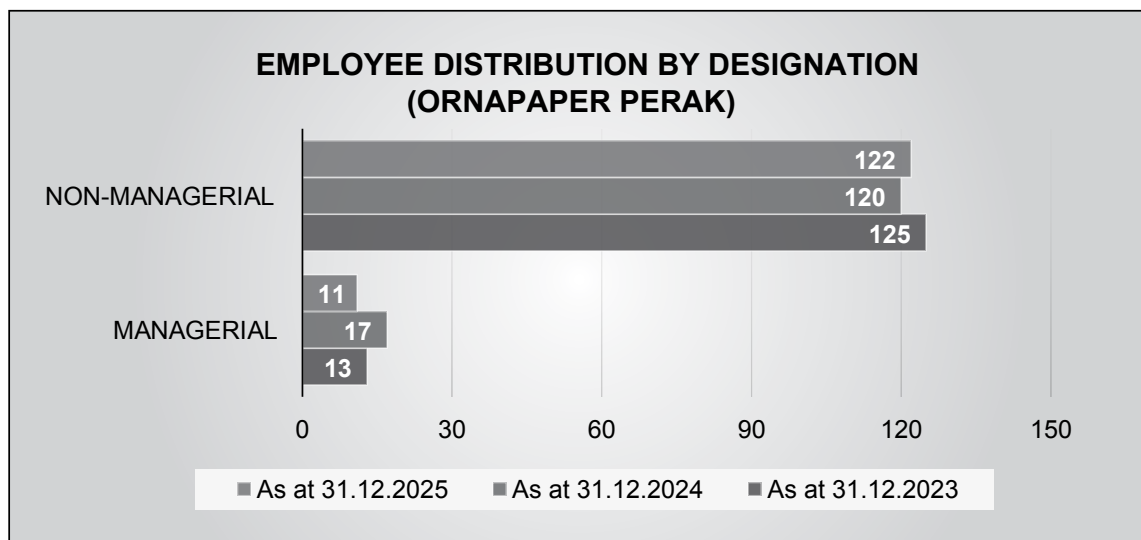
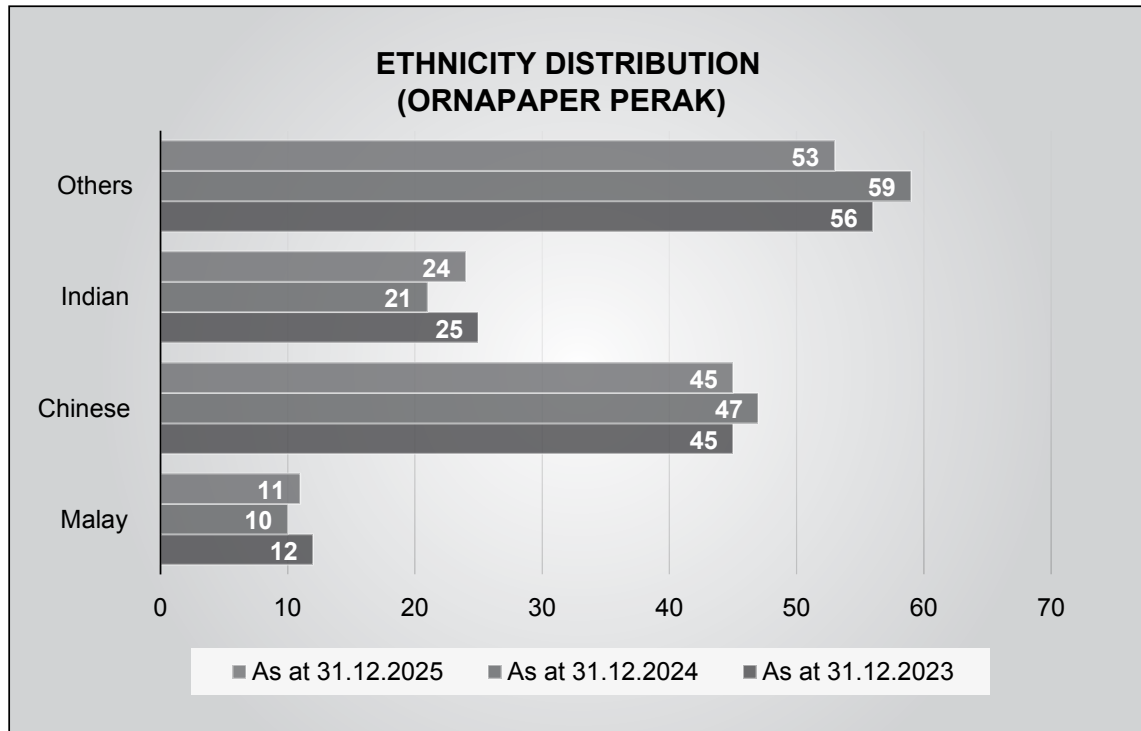
Workforce Profile (Cont'd)



Sustainability Statement

Social (Cont'd)

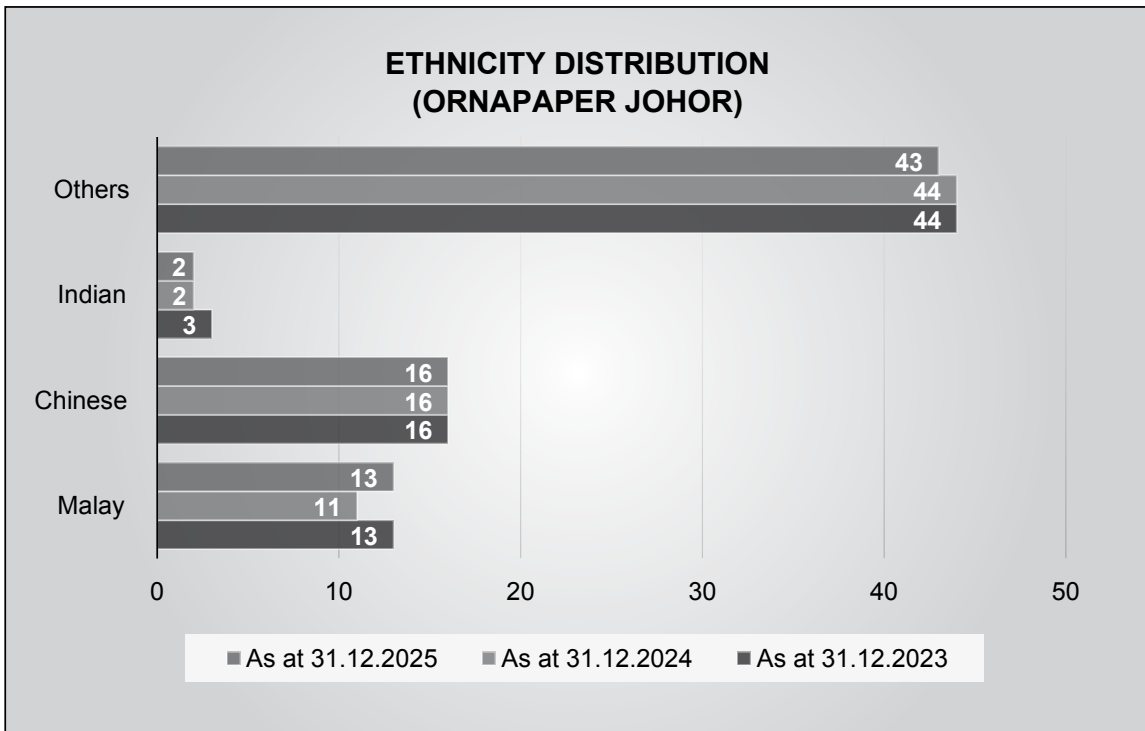
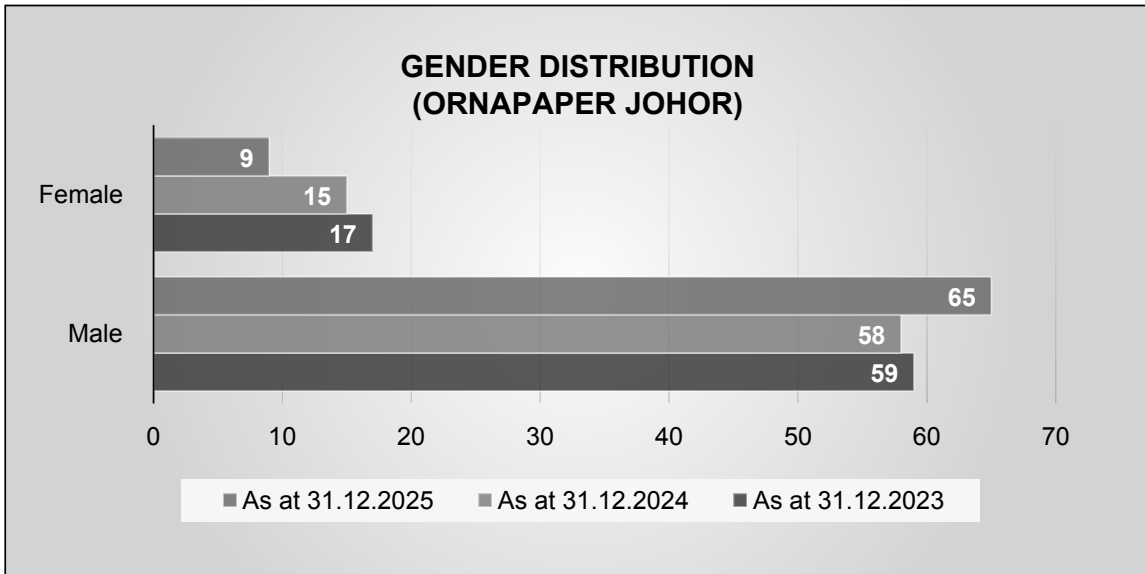
Workforce Profile (Cont'd)



Sustainability Statement

Social (Cont'd)

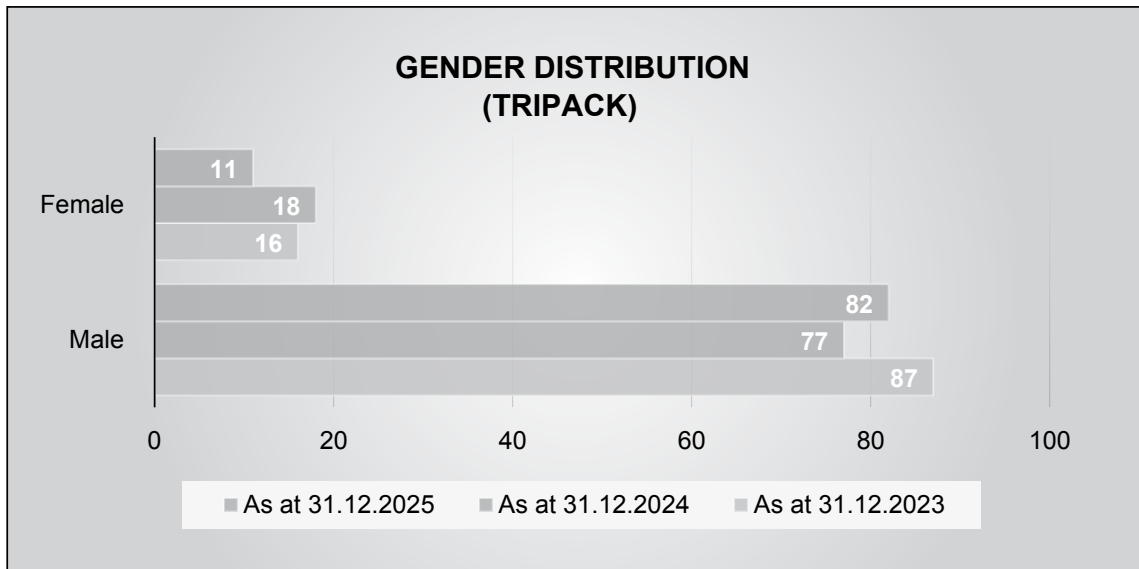
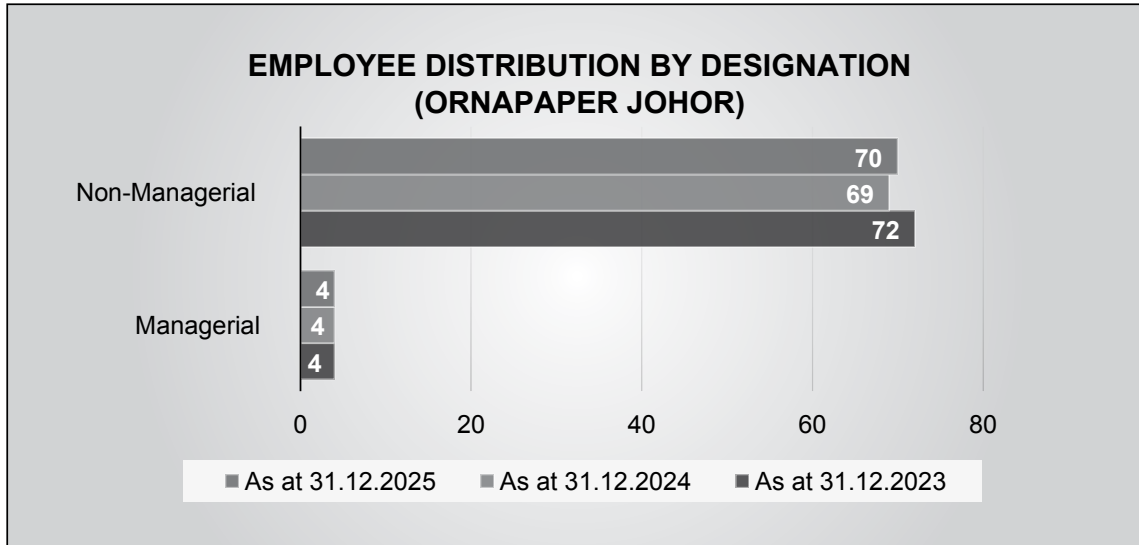
Workforce Profile (Cont'd)



Sustainability Statement

Social (Cont'd)

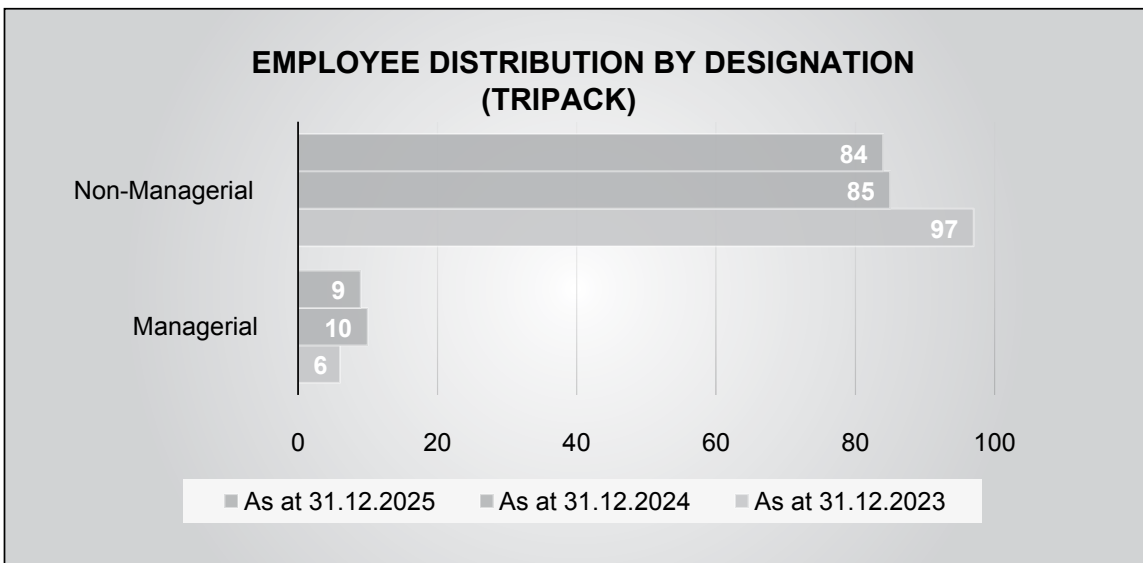
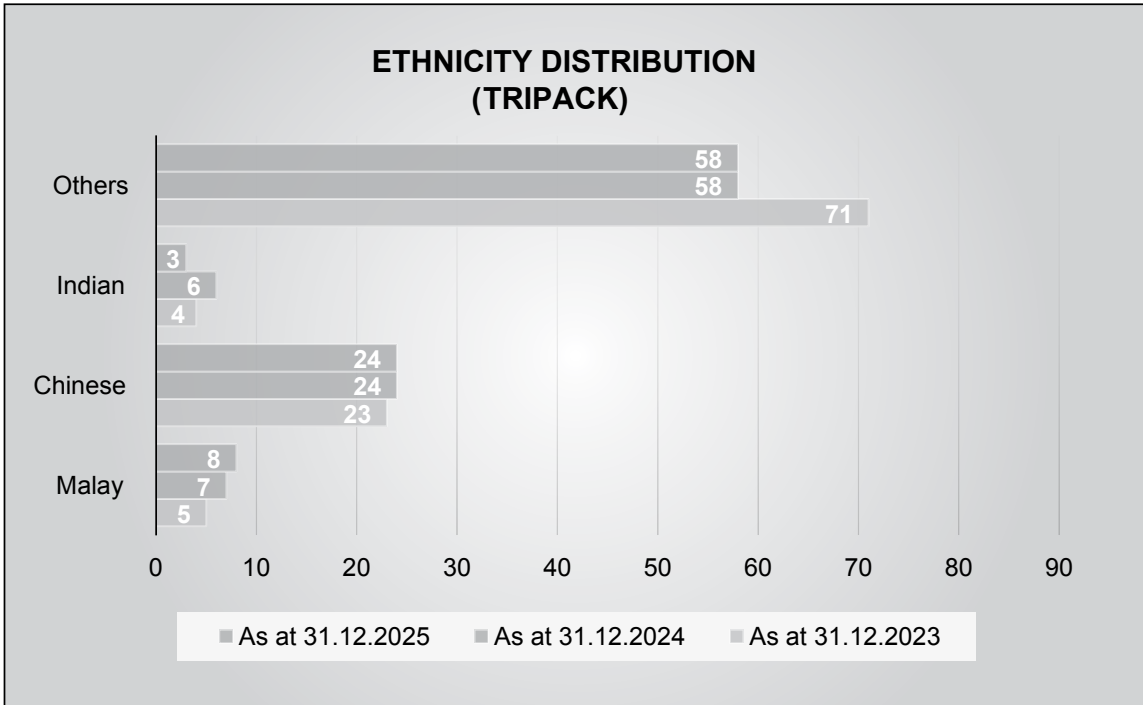
Workforce Profile (Cont'd)



Sustainability Statement

Social (Cont'd)

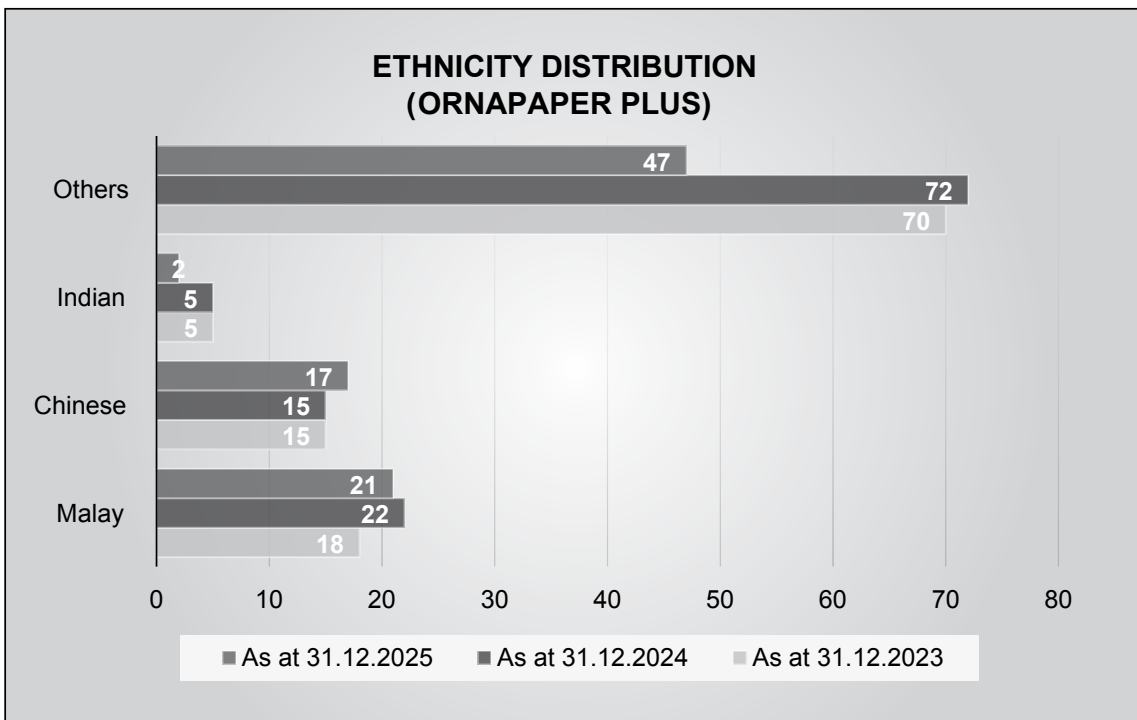
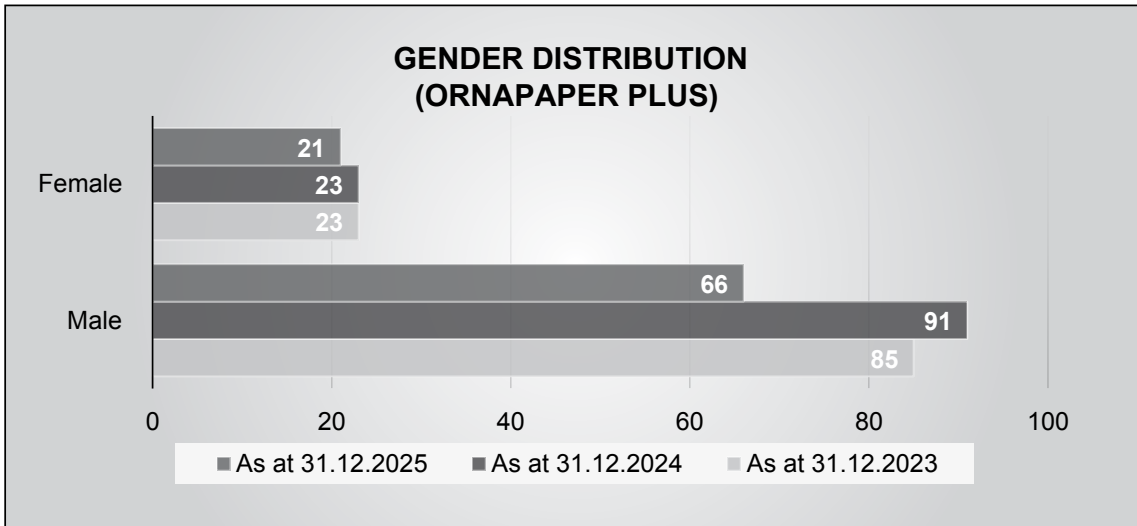
Workforce Profile (Cont'd)



Sustainability Statement

Social (Cont'd)

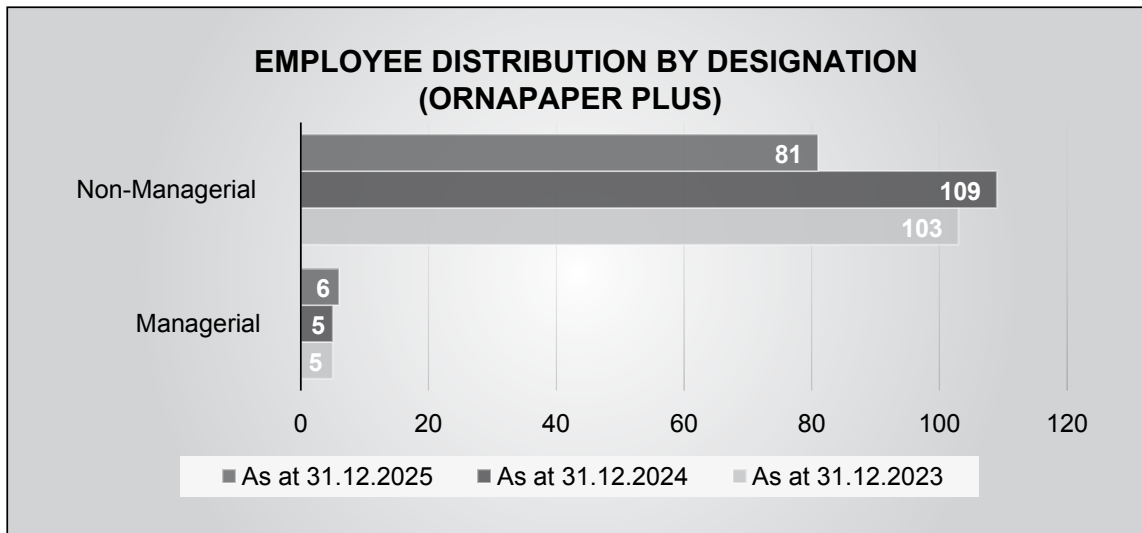
Workforce Profile (Cont'd)



Sustainability Statement

Social (Cont'd)

Workforce Profile (Cont'd)



Regulatory Compliance

As a responsible corporate citizen, the Group is dedicated to implementing sustainable and ethical practices that support long-term business growth, environmental stewardship, and social well-being. In fostering social responsibility, the Group places strong emphasis on upholding the rights of its employees by strictly complying with all applicable 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.

Community Investment and Social Contribution

The Group places strong 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 the belief that corporate success is closely linked to the strength, well-being, and resilience of the communities it serves. Through such contributions, the Group seeks to promote inclusive growth, reduce social disparities, and support community aspirations in a sustainable and meaningful manner. By leveraging its capabilities and resources, the Group endeavours to foster positive and enduring relationships with key stakeholders, strengthen community resilience, and create shared value for both business and society.

During the financial year, the Group undertook various community investment initiatives aligned with its corporate social responsibility objectives. These included monetary contributions to charities, schools, and non-profit organisations to support socio-economic development programmes, as well as participation in community engagement activities. The Group also established an internal "Love Fund" to provide financial assistance to employees and their families during times of need.

Sustainability Statement

Social (Cont'd)

Community Investment and Social Contribution (Cont'd)

In addition to financial contributions, the Group provided non-monetary support to promote education and social development. Internship programmes were conducted to equip students with practical work experience and skill development opportunities, while also serving as a potential talent pipeline for the Group. These initiatives enable students to fulfil academic requirements, gain industry exposure, and explore future career opportunities.

Through these collective efforts, the Group continues to strengthen its relationships with stakeholders, contribute to community development, and foster shared value for both society and the business. The Group remains committed to advancing social responsibility, employee well-being, and ethical business practices as part of its long-term strategy to create sustainable value for all stakeholders.

Performance Data Table

Indicator	Unit	2025	2024	2023	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%	100%	80%	-
- Managerial and above	Percentage	100%	100%	77%	-
- Executive and below	Percentage	100%	100%	80%	-
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100%	100%	100%	100%
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0	Zero incidents of corruption annually
Community Investment					
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	32,616	160,976	111,968	-
Busa C2(b) Total number of beneficiaries of the investment in communities	Number	25	49	43	-

Sustainability Statement

Performance Data Table (Cont'd)

Indicator	Unit	2025	2024	2023	Target
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	4%	7%	3%	-
- Managerial and Above (35-45)	Percentage	29%	26%	29%	-
- Managerial and Above (45-60)	Percentage	52%	52%	54%	-
- Managerial and Above (above 60)	Percentage	15%	15%	14%	-
- Executive and Supervisory (below 25)	Percentage	5%	4%	1%	-
- Executive and Supervisory (25-35)	Percentage	29%	27%	33%	-
- Executive and Supervisory (35-45)	Percentage	20%	26%	27%	-
- Executive and Supervisory (45-60)	Percentage	40%	40%	35%	-
- Executive and Supervisory (above 60)	Percentage	6%	3%	3%	-
Age Group by Employee Category					
- Non-executive (below 25)	Percentage	18%	23%	19%	-
- Non-executive (25-35)	Percentage	41%	42%	42%	-
- Non-executive (35-45)	Percentage	24%	23%	25%	-
- Non-executive (45-60)	Percentage	15%	10%	12%	-
- Non-executive (above 60)	Percentage	2%	2%	2%	-
Gender Group by Employee Category					
- Managerial and Above Male	Percentage	63%	65%	66%	-
- Managerial and Above Female	Percentage	37%	35%	34%	-
- Executive and Supervisory Male	Percentage	61%	56%	43%	-
- Executive and Supervisory Female	Percentage	39%	44%	57%	-
- Non-executive Male	Percentage	87%	83%	85%	-
- Non-executive Female	Percentage	13%	17%	15%	-

Sustainability Statement

Performance Data Table (Cont'd)

Indicator	Unit	2025	2024	2023	Target
Diversity					
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%	12.5%	-
- 50-60	Percentage	50.0%	50.0%	50.0%	-
- Above 60	Percentage	37.5%	37.5%	37.5%	-
Energy Management					
Bursa C4(a) Total energy consumption	Megawatt	54,084	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	5.67	7.30	4.03	-
Bursa C5(c) Number of employees trained on health and safety standards	Number	925	961	538	100% of employees to receive training on safety and health
Labour Practices and Standards					
Bursa C6(a) Total hours of training by employee category					
- Managerial and above	Hours	1,431	2,169	1,083	Average 15 hours per employee
- Non-Managerial	Hours	13,390	17,904	10,836	Average 15 hours per employee
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	42%	47%	46%	-
Bursa C6(c) Total number of employee turnover by employee category					-
- Managerial and above	Number	1	1	0	-
- Executive and Supervisory	Number	14	22	10	-
- Non-Executive	Number	123	124	141	-
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0	Zero complaints concerning human rights violations

Sustainability Statement

Performance Data Table (Cont'd)

Indicator	Unit	2025	2024	2023	Target
Supply Chain Management					
Bursa C7(a) Proportion of spending on local suppliers	Percentage	90%	86%	89%	-
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	60.29	56.86	53.85	-
Total Water Consumed/ Production Output	m ³ /MT	0.56	0.53	0.57	Lower than 0.7 cubic metre (m ³) of total water consumption per metric tonne of production output



Sustainability Statement

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FYE 31/12/2025

Ornapaper Berhad
BMLR Transition Period

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Bursa (Anti-corruption)	Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category	Percentage	100	>90	No assurance	Managerial & Above
Bursa (Anti-corruption)	Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category	Percentage	100	>90	No assurance	Executive and below
Bursa (Anti-corruption)	Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100	100	No assurance	
Bursa (Anti-corruption)	Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	No assurance	
Bursa (Community/Society)	Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	32,616	—	No assurance	
Bursa (Community/Society)	Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	25	—	No assurance	
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category	Percentage	0	—	No assurance	Managerial & Above Under 25
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category	Percentage	4	—	No assurance	Managerial & Above Between 25-35

Sustainability Statement

Ornapaper Berhad
BMLR Transition Period

Date & Time: 2026-04-24_10:06:20
FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category	Percentage	29	—	No assurance	Managerial & Above Between 35-45
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category	Percentage	52	—	No assurance	Managerial & Above Between 45-60
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category	Percentage	15	—	No assurance	Managerial & Above Above 60
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category	Percentage	5	—	No assurance	Executive and supervisory Under 25
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category	Percentage	29	—	No assurance	Executive and supervisory Between 25-35
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category	Percentage	20	—	No assurance	Executive and supervisory Between 35-45
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category	Percentage	40	—	No assurance	Executive and supervisory Between 45-60
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category	Percentage	6	—	No assurance	Executive and supervisory Above 60

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Sustainability Statement

Date & Time: 2026-04-24_10:06:20
FYE 31/12/2025

Ornapaper Berhad
BMLR Transition Period

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category	Percentage	18	—	No assurance	Non-executive Under 25
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category	Percentage	41	—	No assurance	Non-executive Between 25-35
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category	Percentage	24	—	No assurance	Non-executive Between 35-45
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category	Percentage	15	—	No assurance	Non-executive Between 45-60
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category	Percentage	2	—	No assurance	Non-executive Above 60
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category	Percentage	63	—	No assurance	Managerial & Above Male
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category	Percentage	37	—	No assurance	Managerial & Above Female
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category	Percentage	61	—	No assurance	Executive and supervisory Male

Sustainability Statement

Ornapaper Berhad
BMLR Transition Period

Date & Time: 2026-04-24_10:06:20
FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category	Percentage	39	—	No assurance	Executive and supervisory Female
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category	Percentage	87	—	No assurance	Non-executive Male
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category	Percentage	13	—	No assurance	Non-executive Female
Bursa (Diversity)	Bursa C3(b) Percentage of directors by gender and age group	Percentage	875	—	No assurance	Male
Bursa (Diversity)	Bursa C3(b) Percentage of directors by gender and age group	Percentage	12.5	—	No assurance	Female
Bursa (Diversity)	Bursa C3(b) Percentage of directors by gender and age group	Percentage	0.0	—	No assurance	Under 40
Bursa (Diversity)	Bursa C3(b) Percentage of directors by gender and age group	Percentage	12.5	—	No assurance	Between 40-50
Bursa (Diversity)	Bursa C3(b) Percentage of directors by gender and age group	Percentage	50.0	—	No assurance	Between 50-60
Bursa (Diversity)	Bursa C3(b) Percentage of directors by gender and age group	Percentage	37.5	—	No assurance	Above 60

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Sustainability Statement

Date & Time: 2026-04-24_10:06:20
FYE 31/12/2025

Ornapaper Berhad
BMLR Transition Period

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Bursa (Energy management)	Bursa C4(a) Total energy consumption	Megawatt	54,084	—	No assurance	
Bursa (Health and safety)	Bursa C5(a) Number of work-related fatalities	Number	0	0	No assurance	
Bursa (Health and safety)	Bursa C5(b) Lost time incident rate ("LTIR")	Rate	5.67	—	No assurance	
Bursa (Health and safety)	Bursa C5(c) Number of employees trained on health and safety standards	Number	925	100% of employees to receive training on safety and health	No assurance	
Bursa (Labour practices and standards)	Bursa C6(a) Total hours of training by employee category	Hours	1,431	Average 15 hours per employee	No assurance	Managerial & Above
Bursa (Labour practices and standards)	Bursa C6(a) Total hours of training by employee category	Hours	13,390	Average 15 hours per employee	No assurance	Non-Managerial
Bursa (Labour practices and standards)	Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	42	—	No assurance	
Bursa (Labour practices and standards)	Bursa C6(c) Total number of employee turnover by employee category	Number	1	—	No assurance	Managerial & Above
Bursa (Labour practices and standards)	Bursa C6(c) Total number of employee turnover by employee category	Number	14	—	No assurance	Executive and supervisory
Bursa (Labour practices and standards)	Bursa C6(c) Total number of employee turnover by employee category	Number	123	—	No assurance	Non-executive
Bursa (Labour practices and standards)	Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	No assurance	
Bursa (Supply chain management)	Bursa C7(a) Proportion of spending on local suppliers	Percentage	90	—	No assurance	

Sustainability Statement

Ornapaper Berhad BMLR Transition Period		Date & Time: 2026-04-24_10:06:20 FYE 31/12/2025				
Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Bursa (Data privacy and security)	Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	No assurance	
Bursa (Water)	Bursa C9(a) Total volume of water used	Megalitres	60.29	0.7 M3 / MT	No assurance	

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Financial Statement

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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 2025.

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/(Loss) after taxation for the financial year	<u>3,094</u>	<u>(2,314)</u>
Attributable to:		
Owners of the Company	3,005	(2,314)
Non-controlling interest	<u>89</u>	<u>-</u>
	<u>3,094</u>	<u>(2,314)</u>

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 2024 is as follows:-

	RM'000
<u>In respect of the financial year ended 31 December 2024</u>	
Final single tier dividend of 2 sen per ordinary share, declared on 18 April 2025 and paid on 20 May 2025	<u>1,483</u>

The Company declared a final single tier dividend of 1.5 sen per ordinary share in respect of the current financial year 31 December 2025 to be paid on 7 May 2026 to shareholders whose names appeared in the records of depositors on 22 April 2026. 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 2026.

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
Eric Chan See Quan (Appointed on 1.2.2026)
Lim Joo Song
Lim Kit Ming
Sai Ah Sai
Sean Ne Teo
Tan Chin Hwee (Resigned on 21.1.2026)

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
Adrian Goh Sim Han

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 1.1.2025	Bought	Sold	At 31.12.2025
Holding Company				
<i>Direct interests</i>				
Sai Han Siong	145	-	-	145
Sai Chin Hock	1,000	-	-	1,000
Sai Ah Sai	855	-	-	855
The Company				
<i>Direct interests</i>				
Sai Han Siong	15,000	-	-	15,000
Sai Ah Sai	120,000	-	-	120,000
Dr. Ang Kwee Teng	25,000	-	-	25,000
<i>Indirect interests</i>				
Sai Han Siong #	38,467,543	25,000	-	38,492,543
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
Companies in which certain directors have substantial financial interests		
Lease expenses	684	-
Sales of goods	(11,418)	-
Purchase of goods	278	-
Companies in which close family members of certain directors have substantial financial interests		
Lease expenses	40	-
Repair and maintenance	60	-
Sales of goods	(195)	-
Purchase of goods	2,714	-
Purchase of property, plant and equipment	53	-
Construction of hostel	2,520	-

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' 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	2,448	19
Defined contribution benefits	171	-
	<u>2,859</u>	<u>259</u>

The estimated monetary value of benefits-in-kind provided by the Group to the directors of the Company was approximately RM61,000.

Directors' Report

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 2025, 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.

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
<i>Subsidiaries of the Company</i>			
Ornapaper Industry (M) Sdn. Bhd.	Malaysia	100%	(i) Manufacture and sale of corrugated boards and carton boxes (ii) Property development (iii) Investment holding
Ornapaper Industry (Batu Pahat) Sdn. Bhd.	Malaysia	100%	Manufacture and sale of corrugated boards and carton boxes
Ornapaper Industry (Perak) Sdn. Bhd.	Malaysia	100%	Manufacture and sale of corrugated boards and carton boxes
Ornapaper Plus Sdn. Bhd. (formerly known as Quantum Rhythm Sdn. Bhd.)	Malaysia	100%	Manufacture and sale of paper based stationery products and trading in corrugated carton boxes

Directors' Report

Subsidiaries (continued)

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

Name of Subsidiary	Country of Incorporation	Percentage of Issued Share Capital Held by Parent	Principal Activities
<i>Subsidiaries of the Company</i>			
Tripack Packaging (M) Sdn. Bhd.	Malaysia	100%	Manufacture and sale of carton boxes
Ornapaper Industry (Johor) Sdn. Bhd.	Malaysia	80%	Manufacture and sale of carton boxes
<i>Subsidiaries of Ornapaper Industry (M) Sdn. Bhd.</i>			
Ornapaper Logistics Sdn. Bhd.	Malaysia	100%	Transportation services
Ornapack Sdn. Bhd. (formerly known as Ornaflex Solutions Sdn. Bhd.)	Malaysia	90%	Manufacture and sale of flexible packaging materials and related products

(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.

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.

Directors' Report

Other statutory information (continued)

- (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.

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	240	47
Non-audit fees	5	5
	<u>245</u>	<u>52</u>

Signed in accordance with a resolution of the directors dated 15 April 2026.

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 138 to 193 are drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting 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 2025 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 15 April 2026.

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 138 to 193 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 15 April 2026

Sai Han Siong

Before me,

SHAHRIZAH BINTI YAHYA (NO. M084)
Commissioner for Oaths

Independent Auditors' 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 2025, 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 138 to 193.

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 2025, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting 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"), as applicable to audits of financial statements of public interest entities 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 Auditors' 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
<p>Consolidated revenue recorded by the Group during the year amounted to approximately RM299 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.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • tested the operating effectiveness of internal control over the completeness, accuracy, and timing of revenue recognised in the financial statements on a sample basis; • reviewed the terms of material sales contracts and purchase orders from customers to determine the point of transfer of control on a sample basis; • tested the recording of sales transactions, revenue cut-off and review of credit notes after year end on a sample basis; and • obtained confirmations from trade receivables as at the financial year end and reviewed 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 Auditors' 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, IFRS Accounting 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 Auditors' 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

Melaka

15 April 2026

Wong Tak Mun
01793/09/2026 J
Chartered Accountant

Statements of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 December 2025

	Note	The Group		The Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Revenue	5	299,081	297,036	1,171	1,748
Cost of goods sold		<u>(263,610)</u>	<u>(259,684)</u>	-	-
Gross profit		35,471	37,352	1,171	1,748
Other income	6	2,739	3,812	90	90
Administrative expenses		(18,777)	(17,354)	(453)	(581)
Selling and marketing expenses		(4,542)	(3,959)	-	-
Other expenses		<u>(8,521)</u>	<u>(8,684)</u>	<u>(3,105)</u>	<u>(1,056)</u>
Operating profit/(loss)		6,370	11,167	(2,297)	201
Finance costs	7	(2,840)	(3,238)	-	-
Net reversal of impairment losses/(Net impairment losses on financial assets)	8	37	(150)	-	-
Profit/(Loss) before taxation	9	3,567	7,779	(2,297)	201
Income tax expense	11	<u>(473)</u>	<u>(2,068)</u>	<u>(17)</u>	<u>(28)</u>
Profit/(Loss) after taxation		3,094	5,711	(2,314)	173
Other comprehensive income		-	-	-	-
Total comprehensive income/(expense) for the financial year		<u>3,094</u>	<u>5,711</u>	<u>(2,314)</u>	<u>173</u>
Profit/(Loss) after taxation attributable to:					
Owners of the Company		3,005	5,639	(2,314)	173
Non-controlling interest		89	72	-	-
		<u>3,094</u>	<u>5,711</u>	<u>(2,314)</u>	<u>173</u>
Total comprehensive income/(expense) attributable to:					
Owners of the Company		3,005	5,639	(2,314)	173
Non-controlling interest		89	72	-	-
		<u>3,094</u>	<u>5,711</u>	<u>(2,314)</u>	<u>173</u>
Earnings per share (sen)					
Basic	12	4.1	7.6		
Diluted	12	<u>4.1</u>	<u>7.6</u>		

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

Statements of Financial Position

As at 31 December 2025

	Note	The Group		The Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Assets					
Non-current assets					
Property, plant and equipment	13	107,014	103,007	-	-
Investment properties	14	5,277	5,309	-	-
Right-of-use assets	15	16,915	18,304	-	-
Investments in subsidiaries	16	-	-	92,071	95,132
Goodwill	17	1,633	1,633	-	-
Property development costs	18	20,651	19,970	-	-
		<u>151,490</u>	<u>148,223</u>	<u>92,071</u>	<u>95,132</u>
Current assets					
Inventories	19	42,457	47,578	-	-
Property development costs	18	13,287	13,053	-	-
Right of return assets	20	56	56	-	-
Trade receivables	21	69,671	65,113	-	-
Other receivables, deposits and prepayments	22	3,608	4,540	25	994
Current tax assets		368	2,359	-	-
Derivative assets	23	-	3	-	-
Fixed deposits with licensed banks	24	5,004	4,773	3,735	3,495
Cash and bank balances		67,464	62,722	65	64
		<u>201,915</u>	<u>200,197</u>	<u>3,825</u>	<u>4,553</u>
Total assets		<u>353,405</u>	<u>348,420</u>	<u>95,896</u>	<u>99,685</u>
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		<u>116,797</u>	<u>115,275</u>	<u>9,966</u>	<u>13,763</u>
		<u>202,663</u>	<u>201,141</u>	<u>95,832</u>	<u>99,629</u>
Non-controlling interest	16	<u>2,080</u>	<u>1,759</u>	-	-
Total equity		<u>204,743</u>	<u>202,900</u>	<u>95,832</u>	<u>99,629</u>

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

Statements of Financial Position

As at 31 December 2025 (continued)

	Note	The Group		The Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Equity and liabilities (continued)					
Non-current liabilities					
Loans and borrowings	26	37,038	41,012	-	-
Lease liabilities	27	82	919	-	-
Deferred tax liabilities	28	10,007	10,690	-	-
		<u>47,127</u>	<u>52,621</u>	<u>-</u>	<u>-</u>
Current liabilities					
Trade payables	29	24,189	18,535	-	-
Other payables and accruals	30	13,772	14,068	58	56
Refund liabilities	20	522	443	-	-
Loans and borrowings	26	61,195	57,608	-	-
Bank overdrafts	31	800	1,181	-	-
Lease liabilities	26	850	1,064	-	-
Current tax liabilities		207	-	6	-
		<u>101,535</u>	<u>92,899</u>	<u>64</u>	<u>56</u>
Total liabilities		<u>148,662</u>	<u>145,520</u>	<u>64</u>	<u>56</u>
Total equity and liabilities		<u>353,405</u>	<u>348,420</u>	<u>95,896</u>	<u>99,685</u>

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

Statements of Changes in Equity

For the financial year ended 31 December 2025

	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
The Group							
Balance at 1 January 2025		86,407	(541)	115,275	201,141	1,759	202,900
Profit after taxation representing total comprehensive income for the financial year		-	-	3,005	3,005	89	3,094
		86,407	(541)	118,280	204,146	1,848	205,994
Effect of issuance of share capital by a subsidiary		-	-	-	-	300	300
Contributions by and distributions to owners of the Company:							
- Dividends:							
- by the Company	32	-	-	(1,483)	(1,483)	-	(1,483)
- by subsidiary to non-controlling interest		-	-	-	-	(68)	(68)
		-	-	(1,483)	(1,483)	(68)	(1,551)
Balance at 31 December 2025		86,407	(541)	116,797	202,663	2,080	204,743
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
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

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

Statements of Changes in Equity

For the financial year ended 31 December 2025 (continued)

	Note	Share capital RM'000	Treasury shares RM'000	Distributable retained earnings RM'000	Total equity RM'000
The Company					
Balance at 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 2024/1 January 2025		86,407	(541)	13,763	99,629
Loss after taxation representing total comprehensive expenses for the financial year		-	-	(2,314)	(2,314)
Dividend	32	-	-	(1,483)	(1,483)
Balance at 31 December 2025		<u>86,407</u>	<u>(541)</u>	<u>9,966</u>	<u>95,832</u>

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

Statements of Cash Flows

For the financial year ended 31 December 2025

	The Group		The Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Operating activities				
Profit/(Loss) before taxation	3,567	7,779	(2,297)	201
Adjustments for:				
Depreciation of property, plant and equipment	14,956	14,005	-	-
Depreciation of investment properties	57	41	-	-
Depreciation of right-of-use assets	1,395	1,467	-	-
Effect of changes on lease termination	-	(3)	-	-
Fair value changes on derivatives	3	34	-	-
Gain on disposal of property, plant and equipment	(248)	(610)	-	-
Reversal of inventories previously written down	(152)	(199)	-	-
Impairment losses on investments in subsidiaries	-	-	3,061	984
Impairment losses on property, plant and equipment	353	337	-	-
(Net reversal of impairment losses)/Net impairment losses on trade receivables	(37)	150	-	-
Unrealised loss on foreign exchange	7	13	-	-
Other interest expense	2,366	2,768	-	-
Interest expense on lease liabilities	54	35	-	-
Interest income	(1,270)	(1,524)	(90)	(90)
	<u>17,484</u>	<u>16,514</u>	<u>2,971</u>	<u>894</u>
Operating profit before working capital changes	21,051	24,293	674	1,095
Decrease in inventories and right of return assets	5,273	3,596	-	-
(Increase)/Decrease in trade and other receivables	(4,926)	(5,565)	969	19
Increase in property development costs	(62)	(11,084)	-	-
Increase in refund liabilities	79	37	-	-
Increase in trade and other payables	7,056	1,212	2	1
	<u>7,420</u>	<u>(11,804)</u>	<u>971</u>	<u>20</u>
Cash from operations	28,471	12,489	1,645	1,115
Income tax paid	(1,259)	(2,004)	(17)	(22)
Income tax refunded	2,301	793	6	-
Net cash from operating activities	29,513	11,278	1,634	1,093

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

Statements of Cash Flows

For the financial year ended 31 December 2025 (continued)

	Note	The Group		The Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Cash flows (for)/from investing activities					
Purchase of property, plant and equipment	33(a)	(19,535)	(22,296)	-	-
Property development costs paid		(91)	(16,713)	-	-
Interest received		1,270	1,524	90	90
Proceeds from disposal of property, plant and equipment		255	1,065	-	-
Additions to pledged fixed deposits		(39)	(83)	(50)	(50)
Additions to fixed deposits with tenure more than 3 months		(32)	(31)	(190)	(31)
Net cash (for)/from investing activities		<u>(18,172)</u>	<u>(36,534)</u>	<u>(150)</u>	<u>9</u>
Cash flows (for)/from financing activities					
Interest paid	33(e)	(3,182)	(3,593)	-	-
Dividends paid		(1,483)	(1,483)	(1,483)	(1,483)
Dividend paid to non-controlling interest		(68)	-	-	-
Proceeds from issuance of shares by a subsidiary to non-controlling interest		300	-	-	-
Proceeds from term loans	33(e)	-	30,502	-	-
Net proceeds from bankers' acceptances	33(e)	2,469	7,128	-	-
Repayments of term loans	33(e)	(1,870)	(1,555)	-	-
Repayments of lease liabilities	33(e)	(1,057)	(1,147)	-	-
Net repayments of charge card	33(e)	(12)	(157)	-	-
Repayments of hire purchase payables	33(e)	(1,148)	(1,984)	-	-
Net cash (for)/from financing activities		<u>(6,051)</u>	<u>27,711</u>	<u>(1,483)</u>	<u>(1,483)</u>
Net increase/(decrease) in cash and cash equivalents		5,290	2,455	1	(381)
Effects of foreign exchange translation on cash and cash equivalents		(7)	(13)	-	-
Cash and cash equivalents at beginning of the financial year		<u>61,541</u>	<u>59,099</u>	<u>64</u>	<u>445</u>
Cash and cash equivalents at end of the financial year	33(c)	<u>66,824</u>	<u>61,541</u>	<u>65</u>	<u>64</u>

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

Notes to the Financial Statements

For the financial year ended 31 December 2025

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 15 April 2026.

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"), IFRS Accounting 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 121: Lack of Exchangeability

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.

Notes to the Financial Statements

For the financial year ended 31 December 2025

3. Basis of preparation (continued)

- 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 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 19: Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 121: Translation to a Hyperinflationary Presentation Currency	1 January 2027
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.

Notes to the Financial Statements

For the financial year ended 31 December 2025

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.

Notes to the Financial Statements

For the financial year ended 31 December 2025

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.

Notes to the Financial Statements

For the financial year ended 31 December 2025

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 2025

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.

Notes to the Financial Statements

For the financial year ended 31 December 2025

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 2025

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.

Notes to the Financial Statements

For the financial year ended 31 December 2025

5. Revenue

	The Group		The Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Revenue from contracts with customers:				
<u>Recognised at a point in time</u>				
Sale of goods	298,981	296,613	-	-
Transportation fees	100	423	-	-
Revenue from other sources:				
Dividend income from subsidiaries	-	-	1,171	1,748
	<u>299,081</u>	<u>297,036</u>	<u>1,171</u>	<u>1,748</u>

(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
2025				
<u>Revenue recognised at a point in time</u>				
Paper industry	63,121	15,114	-	78,235
Furniture, rubber, hardware and steel	75,024	-	-	75,024
Food based and beverage	67,308	-	-	67,308
Electronic and electrical	25,482	-	-	25,482
Others	52,932	-	100	53,032
	<u>283,867</u>	<u>15,114</u>	<u>100</u>	<u>299,081</u>
2024				
<u>Revenue recognised at a point in time</u>				
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
	<u>275,695</u>	<u>20,918</u>	<u>423</u>	<u>297,036</u>

(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 2025

6. Other income

	The Group		The Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Effect of changes on lease termination	-	3	-	-
Fair value gain on derivatives	-	1	-	-
Gain on disposal of property, plant and equipment	248	610	-	-
Insurance claims	6	38	-	-
Interest income on financial assets measured at amortised cost:				
- bank balances	1,155	1,404	5	2
- fixed deposits with licensed banks	115	120	85	88
Gain on foreign exchange:				
- realised	71	99	-	-
Sales of scrap materials	370	437	-	-
Lease income:				
- right-of-use assets	383	310	-	-
Miscellaneous	391	790	-	-
	<u>2,739</u>	<u>3,812</u>	<u>90</u>	<u>90</u>

7. Finance costs

	The Group	
	2025 RM'000	2024 RM'000
Bankers' acceptance commission	419	434
Commitment fee	1	1
Interest expense on financial liabilities that are not at fair value through profit or loss:		
- bank overdrafts interest	80	75
- bankers' acceptances interest	1,609	1,873
- term loans interest	595	635
- hire purchase interest	82	185
Interest expense on lease liabilities (Note 27)	54	35
	<u>2,840</u>	<u>3,238</u>

8. (Net reversal of impairment losses)/Net impairment losses on financial assets

	The Group	
	2025 RM'000	2024 RM'000
Impairment losses on trade receivables (Note 21)	87	650
Reversal of impairment losses on trade receivables (Note 21)	(124)	(500)
	<u>(37)</u>	<u>150</u>

Notes to the Financial Statements

For the financial year ended 31 December 2025

9. Profit/(Loss) before taxation

	The Group		The Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Profit/(Loss) before taxation is arrived at after charging/(crediting):-				
Auditors' remuneration:				
- audit fees				
- auditor of the Company				
- current financial year	240	230	47	45
- non-audit fees				
- auditor of the Company	5	5	5	5
- member firm of auditors of the Company	73	68	5	5
Depreciation:				
- property, plant and equipment (Note 13)	14,956	14,005	-	-
- investment properties (Note 14)	57	41	-	-
- right-of-use assets (Note 15)	1,395	1,467	-	-
Directors' remuneration (Note 35(a))	3,766	4,359	259	264
Employee benefits expense (Note 10)	43,737	38,500	-	-
Fair value changes on derivatives	3	35	-	-
Impairment losses:				
- investments in subsidiaries	-	-	3,061	984
- property, plant and equipment (Note 13)	353	337	-	-
Reversal of inventories previously written down (Note 19)	(152)	(199)	-	-
Lease expense:				
- short-term lease	711	694	-	-
- low-value assets	61	62	-	-
Loss on foreign exchange:				
- realised	16	187	-	-
- unrealised	7	13	-	-

10. Employee benefits expense

	The Group	
	2025 RM'000	2024 RM'000
Short-term employee benefits	40,100	35,153
Defined contributions benefits	3,058	2,734
Other benefits	579	613
Total employee benefits expense (Note 9)	43,737	38,500

Included in employee benefits expense of the Group are key management personnel compensation amounting to RM1,628,000 (2024 - RM857,000) as further disclosed in Note 35(b) to the financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2025

11. Income tax expense

	The Group		The Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Current tax expense	1,243	1,310	16	17
(Over)/Underprovision in the previous financial year	(87)	324	1	11
	<u>1,156</u>	<u>1,634</u>	<u>17</u>	<u>28</u>
Deferred tax (Note 28):				
- origination and reversal of temporary differences	(371)	296	-	-
- (over)/underprovision in the previous financial year	(312)	138	-	-
	<u>(683)</u>	<u>434</u>	<u>-</u>	<u>-</u>
Total income tax expense	<u>473</u>	<u>2,068</u>	<u>17</u>	<u>28</u>

A reconciliation of income tax expense applicable to the profit/(loss) 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	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Profit/(Loss) before taxation	<u>3,567</u>	<u>7,779</u>	<u>(2,297)</u>	<u>201</u>
Tax at the statutory tax rate of 24% (2024 - 24%)	856	1,867	(551)	48
Tax effects of:				
Non-deductible expenses	386	552	848	388
Non-taxable income	(2)	-	(281)	(419)
Deferred tax assets not recognised during the financial year	1,040	388	-	-
Utilisation of tax incentives	(1,408)	(1,201)	-	-
(Over)/Underprovision of current tax in the previous financial year	(87)	324	1	11
(Over)/Underprovision of deferred tax in the previous financial year	(312)	138	-	-
	<u>473</u>	<u>2,068</u>	<u>17</u>	<u>28</u>

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	
	2025 RM'000	2024* 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	415	415
- expires year of assessment 2035	2,920	-
Unabsorbed capital allowances	6,544	4,897
	<u>12,767</u>	<u>8,200</u>

Notes to the Financial Statements

For the financial year ended 31 December 2025

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	
	2025 RM'000	2024* RM'000
Unabsorbed capital allowances	5,557	4,324
Unused tax losses	6,223	3,303
Other temporary differences	4,352	4,168
	<u>16,132</u>	<u>11,795</u>

* 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	
	2025	2024
Profit attributable to owners of the parent (RM'000)	<u>3,005</u>	<u>5,639</u>
Weighted average number of ordinary shares in issue ('000)*	<u>74,153</u>	<u>74,153</u>
Basic earnings per share (sen)	<u>4.1</u>	<u>7.6</u>
Diluted earnings per share (sen) #	<u>4.1</u>	<u>7.6</u>

* 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.

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Notes to the Financial Statements

For the financial year ended 31 December 2025

13. Property, plant and equipment

	2025							2024								
	At 1.1.2025 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 31.12.2025 RM'000	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
<i>Carrying amount</i>																
Factory buildings	32,086	492	-	28	-	-	(1,342)	31,264	2,712	-	-	-	(2,712)	-	-	-
Plant and machinery	63,094	6,089	(7)	1,350	-	(353)	(11,875)	58,298	35,262	803	-	(2,638)	-	-	(1,341)	32,086
Other assets	5,612	3,681	-	1,090	(25)	-	(1,739)	8,619	54,831	18,238	(455)	1,858	-	(337)	(11,041)	63,094
Assets-in-progress	2,215	9,086	-	(2,468)	-	-	-	8,833	6,029	1,206	-	-	-	-	(1,623)	5,612
The Group	103,007	19,348	(7)	-	(25)	(353)	(14,956)	107,014	100,796	22,358	(455)	-	(5,350)	(337)	(14,005)	103,007

Notes to the Financial Statements

For the financial year ended 31 December 2025

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
2025				
Factory buildings	59,346	(28,082)	-	31,264
Plant and machinery	211,120	(148,328)	(4,494)	58,298
Other assets	25,667	(17,048)	-	8,619
Assets-in-progress	8,833	-	-	8,833
	<u>304,966</u>	<u>(193,458)</u>	<u>(4,494)</u>	<u>107,014</u>
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
	<u>287,567</u>	<u>(180,419)</u>	<u>(4,141)</u>	<u>103,007</u>

- (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	
	2025 RM'000	2024 RM'000
Carrying amount		
Factory buildings	29,460	30,217
Plant and machinery	1,390	1,596
	<u>30,850</u>	<u>31,813</u>

- (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 RM4,367,000 and RM701,000 (2024 - RM4,857,000 and RM877,000) 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 photovoltaic system.
- (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 RM353,000 (2024 - RM337,000), 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 for current financial year. In the previous financial year, 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%.
- (e) Property, plant and equipment of certain subsidiaries are subject to negative pledge to certain financial institutions.

Notes to the Financial Statements

For the financial year ended 31 December 2025

14. Investment properties

	The Group	
	2025 RM'000	2024 RM'000
Cost:-		
At 1 January	5,424	-
Transfer from property, plant and equipment (Note 13)	29	5,424
At 31 December	5,453	5,424
Accumulated depreciation:-		
At 1 January	(115)	-
Depreciation during the financial year (Note 9)	(57)	(41)
Transfer from property, plant and equipment (Note 13)	(4)	(74)
At 31 December	(176)	(115)
	5,277	5,309
Represented by:-		
Freehold land	2,712	2,712
Factory buildings	2,565	2,597
At 31 December	5,277	5,309
Fair value	5,870	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.

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Notes to the Financial Statements

For the financial year ended 31 December 2025

15. Right-of-use assets

	2025				2024					
	At 1.1.2025 RM'000	Derecognition due to lease termination RM'000	Reassessment/ Modification of lease liabilities RM'000	Depreciation charges (Note 9) RM'000	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
The Group										
<i>Carrying amount</i>										
Leasehold land	16,334	-	-	(332)	16,002	-	-	-	(332)	16,334
Factory building	1,317	-	-	(658)	659	-	-	1,426	(639)	1,317
Hostels	653	(31)	37	(405)	254	(67)	183	(496)	653	
	<u>18,304</u>	<u>(31)</u>	<u>37</u>	<u>(1,395)</u>	<u>16,915</u>	<u>(67)</u>	<u>1,609</u>	<u>(1,467)</u>	<u>18,304</u>	
The Group										
<i>Carrying amount</i>										
Leasehold land	16,666	-	-	-	16,666	-	-	-	(332)	16,334
Factory building	530	-	-	(639)	659	-	1,426	(639)	(639)	1,317
Hostels	688	345	(67)	(496)	254	(67)	183	(496)	653	
	<u>17,884</u>	<u>345</u>	<u>(67)</u>	<u>(1,467)</u>	<u>18,304</u>	<u>(67)</u>	<u>1,609</u>	<u>(1,467)</u>	<u>18,304</u>	

Notes to the Financial Statements

For the financial year ended 31 December 2025

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 (2024 - 60 to 99) years. |
| (ii) Factory building | The Group has leased a factory building that run for a period of 1 (2024 - 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 (2024 - 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	
	2025	2024
	RM'000	RM'000
Unquoted shares, at cost	103,659	103,659
Accumulated impairment losses	<u>(11,588)</u>	<u>(8,527)</u>
	<u>92,071</u>	<u>95,132</u>
Accumulated impairment losses:-		
At 1 January	8,527	7,543
Addition during the financial year	<u>3,061</u>	<u>984</u>
At 31 December	<u>11,588</u>	<u>8,527</u>

Notes to the Financial Statements

For the financial year ended 31 December 2025

16. Investments 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		Principal activities
		2025	2024	
<i>Subsidiaries of the Company</i>				
Ornapaper Industry (M) Sdn. Bhd.	Malaysia	100%	100%	(i) Manufacture and sale of corrugated boards and carton boxes (ii) Property development (iii) Investment holding
Ornapaper Industry (Batu Pahat) Sdn. Bhd.	Malaysia	100%	100%	Manufacture and sale of corrugated boards and carton boxes
Ornapaper Industry (Perak) Sdn. Bhd.	Malaysia	100%	100%	Manufacture and sale of corrugated boards and carton boxes
Ornapaper Plus Sdn. Bhd. (formerly known as Quantum Rhythm Sdn. Bhd.)	Malaysia	100%	100%	Manufacture and sale of paper based stationery products and trading in corrugated carton boxes
Tripack Packaging (M) Sdn. Bhd.	Malaysia	100%	100%	Manufacture and sale of carton boxes
Ornapaper Industry (Johor) Sdn. Bhd.	Malaysia	80%	80%	Manufacture and sale of carton boxes
<i>Subsidiaries of Ornapaper Industry (M) Sdn. Bhd.</i>				
Ornapaper Logistics Sdn. Bhd.	Malaysia	100%	100%	Transportation services
Ornapack Sdn. Bhd. (formerly known as Ornaflex Solutions Sdn. Bhd.)	Malaysia	90%	-	Manufacture and sale of flexible packaging materials and related products

Notes to the Financial Statements

For the financial year ended 31 December 2025

16. Investments in subsidiaries (continued)

(a) During the financial year, the Company has reassessed its estimated recoverable amount of its investments in subsidiaries as they had been making losses in recent years. An additional impairment loss of RM3,061,000 (2024 - RM984,000), 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	
	2025 %	2024 %	2025 RM'000	2024 RM'000
Ornapack Sdn. Bhd. (formerly known as Ornaflex Solutions Sdn. Bhd.)	10	-	300	-
Ornapaper Industry (Johor) Sdn. Bhd.	20	20	1,780	1,759
			<u>2,080</u>	<u>1,759</u>

(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	
	2025 RM'000	2024 RM'000
At cost:-		
At 1 January/31 December	<u>1,633</u>	<u>1,633</u>

(a) The carrying amount of goodwill allocated to each cash-generating unit are as follows:-

	The Group	
	2025 RM'000	2024 RM'000
Ornapaper Industry (Perak) Sdn. Bhd. ("OIP")	1,574	1,574
Ornapaper Industry (Johor) Sdn. Bhd. ("OIJ")	59	59
	<u>1,633</u>	<u>1,633</u>

(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:-

Notes to the Financial Statements

For the financial year ended 31 December 2025

17. Goodwill (continued)

	OIP		OIJ	
	2025	2024	2025	2024
Budgeted gross margins	12%	11%	13%	13%
Discount rates (pre-tax)	8%	8%	8%	8%

- (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

	Note	The Group	
		2025 RM'000	2024 RM'000
<u>Non-current</u>			
Land held for future development	18(a)	20,651	19,970
<u>Current</u>			
Properties under development for sale	18(b)	13,287	13,053

Included in the development costs are interests on borrowings capitalised during the financial year of RM762,000 (2024 - RM790,000).

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.

- (a) Land held for future development

	The Group	
	2025 RM'000	2024 RM'000
Land, at cost		
At 1 January	19,340	-
Costs incurred during the year	-	19,340
At 31 December	19,340	19,340
Development costs		
At 1 January	630	-
Costs incurred during the year	681	630
At 31 December	1,311	630
Cumulative cost	20,651	19,970

Notes to the Financial Statements

For the financial year ended 31 December 2025

18. Property development costs (continued)

(b) Properties under development for sale

	The Group	
	2025 RM'000	2024 RM'000
Land, at cost		
At 1 January	12,772	-
Costs incurred during the year	-	12,772
At 31 December	<u>12,772</u>	<u>12,772</u>
Development costs		
At 1 January	281	-
Costs incurred during the year	234	281
At 31 December	<u>515</u>	<u>281</u>
Cumulative cost	<u>13,287</u>	<u>13,053</u>

19. Inventories

	The Group	
	2025 RM'000	2024 RM'000
Raw materials and consumables	35,928	38,447
Work-in-progress	1,150	1,214
Finished goods	4,863	6,927
Goods-in-transit	1,133	1,759
	<u>43,074</u>	<u>48,347</u>
Allowance for impairment losses	(617)	(769)
	<u>42,457</u>	<u>47,578</u>
Allowance for impairment losses:-		
At 1 January	769	968
Reversal during the financial year (Note 9)	(152)	(199)
At 31 December	<u>617</u>	<u>769</u>
Recognised in profit or loss:-		
Inventories recognised as cost of sales	263,762	259,883
Reversal of inventories previously written down	(152)	(199)

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Notes to the Financial Statements

For the financial year ended 31 December 2025

20. Right of return assets/(Refund liabilities)

	The Group	
	2025 RM'000	2024 RM'000
Right of return assets	56	56
Refund liabilities		
- arising from right of return assets	(54)	(54)
- arising from discounts	(468)	(389)
	<u>(522)</u>	<u>(443)</u>

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.

21. Trade receivables

	The Group	
	2025 RM'000	2024 RM'000
Third parties	67,056	63,322
Companies in which a director has substantial financial interest	4,504	3,664
Companies in which close family members of certain directors have substantial financial interests	1	115
	<u>71,561</u>	<u>67,101</u>
Allowance for impairment losses	<u>(1,890)</u>	<u>(1,988)</u>
	<u>69,671</u>	<u>65,113</u>
Allowance for impairment losses:-		
At 1 January	1,988	2,323
Addition during the financial year (Note 8)	87	650
Reversal during the financial year (Note 8)	(124)	(500)
Written off during the financial year	(61)	(485)
At 31 December	<u>1,890</u>	<u>1,988</u>

The Group's normal trade credit terms range from 30 to 150 (2024 - 30 to 150) days.

22. Other receivables, deposits and prepayments

	The Group		The Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Other receivables:-				
Third parties	188	214	-	-
Interest receivable	22	17	20	15
Payments to supplier of property, plant and equipment	1,279	2,616	-	-
Dividend receivables	-	-	-	974
GST receivables	2	2	2	2
	<u>1,491</u>	<u>2,849</u>	<u>22</u>	<u>991</u>
Sundry deposits	533	531	2	2
Prepayments	1,584	1,160	1	1
	<u>3,608</u>	<u>4,540</u>	<u>25</u>	<u>994</u>

Notes to the Financial Statements

For the financial year ended 31 December 2025

23. Derivative assets

	Contract/Notional Amount		The Group	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Derivative assets				
Forward currency contracts	-	1,091	-	3

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. In the previous financial year, the settlement dates of the forward currency contracts range between 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 1.60% to 2.50% (2024 - 2.30% to 2.80%) per annum and 1.60% to 2.50% (2024 - 2.45% to 2.50%) per annum respectively. The fixed deposits have maturity periods ranging from 5 to 12 (2024 - 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 RM3,551,000 (2024 - RM3,512,000) and RM2,284,000 (2024 - RM2,234,000) 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			
	2025 Number of ordinary shares '000	2024 Number of ordinary shares '000	2025 Amount RM'000	2024 Amount RM'000
Issued and fully paid-up				
Ordinary shares				
At 1 January/31 December	75,251	75,251	86,407	86,407

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.

Notes to the Financial Statements

For the financial year ended 31 December 2025

25. Share capital and treasury shares (continued)

(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 (2024 - 75,250,601) issued and fully paid-up ordinary shares as at the end of the reporting period, 1,098,445 (2024 - 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	
	2025 RM'000	2024 RM'000
Current		
Secured:		
Bankers' acceptances	57,191	54,722
Charge card	169	181
Term loans	2,989	1,769
Hire purchase payables	846	936
	61,195	57,608
Non-current		
Secured:		
Term loans	36,870	39,960
Hire purchase payables	168	1,052
	37,038	41,012
Total loans and borrowings		
Bankers' acceptances	57,191	54,722
Charge card	169	181
Term loans	39,859	41,729
Hire purchase payables	1,014	1,988
	98,233	98,620

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	
		2025	2024
Bankers' acceptances	Fixed/Floating	3.02%	3.55%
Term loans	Floating	3.91%	4.20%
Hire purchase payables	Fixed	2.88%	2.93%

Notes to the Financial Statements

For the financial year ended 31 December 2025

26. Loans and borrowings (continued)

Charge card

Late interest is charged at RM50 or 2% (2024 - 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.

27. Lease liabilities

	The Group	
	2025	2024
	RM'000	RM'000
At 1 January	1,983	1,246
Additions (Notes 33(b) and 33(e))	-	345
Interest expense recognised in profit or loss (Note 7)	54	35
Repayment of principal	(1,057)	(1,147)
Repayment of interest expenses	(54)	(35)
Reassessment/Modification (Note 33(e))	37	1,609
Derecognition due to lease termination (Note 33(e))	(31)	(70)
At 31 December	<u>932</u>	<u>1,983</u>
Analysed by:-		
Current liabilities	850	1,064
Non-current liabilities	82	919
	<u>932</u>	<u>1,983</u>

Notes to the Financial Statements

For the financial year ended 31 December 2025

28. Deferred tax liabilities

The Group	At	Recognised in	At
	1.1.2025 RM'000	profit or loss (Note 11) RM'000	31.12.2025 RM'000
2025			
<i>Deferred tax liabilities</i>			
Property, plant and equipment	11,284	(758)	10,526
Right-of-use assets	133	(50)	83
	<u>11,417</u>	<u>(808)</u>	<u>10,609</u>
<i>Deferred tax assets</i>			
Lease liabilities	(121)	79	(42)
Provisions	(172)	(19)	(191)
Allowance for impairment losses on trade receivables	(312)	23	(289)
Inventories written down	(122)	42	(80)
	<u>(727)</u>	<u>125</u>	<u>(602)</u>
	<u>10,690</u>	<u>(683)</u>	<u>10,007</u>
2024			
<i>Deferred tax liabilities</i>			
Property, plant and equipment	10,803	481	11,284
Right-of-use assets	149	(16)	133
	<u>10,952</u>	<u>465</u>	<u>11,417</u>
<i>Deferred tax assets</i>			
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	-
	<u>(696)</u>	<u>(31)</u>	<u>(727)</u>
	<u>10,256</u>	<u>434</u>	<u>10,690</u>

29. Trade payables

	The Group	
	2025 RM'000	2024 RM'000
Third parties	24,083	17,777
A company in which a director has substantial financial interest	28	55
Companies in which close family members of certain directors have substantial financial interests	78	703
	<u>24,189</u>	<u>18,535</u>

The normal trade credit terms granted to the Group range from 30 to 120 (2024 - 30 to 120) days.

Notes to the Financial Statements

For the financial year ended 31 December 2025

30. Other payables and accruals

	The Group		The Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Accruals	8,253	7,629	57	55
Other payables	3,981	3,360	1	1
Sales tax payables	638	662	-	-
Amount payables to suppliers of property, plant and equipment	617	2,315	-	-
Deposits received	103	102	-	-
Provisions	180	-	-	-
	<u>13,772</u>	<u>14,068</u>	<u>58</u>	<u>56</u>

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 7.31% (2024 - 7.69%) per annum.

32. Dividends

	The Group/The Company	
	2025 RM'000	2024 RM'000
Final single tier dividend of approximately 2 sen (2024 - 2 sen) per ordinary share in respect of the previous financial year	<u>1,483</u>	<u>1,483</u>

The Company declared a final single tier dividend of 1.5 sen per ordinary share in respect of the current financial year 31 December 2025 to be paid on 7 May 2026 to shareholders whose names appeared in the records of depositors on 22 April 2026. 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 2026.

33. Cash flow information

- (a) The cash disbursed for the purchase of property, plant and equipment is as follows:-

	The Group	
	2025 RM'000	2024 RM'000
Cost of property, plant and equipment purchased (Note 13)	19,348	22,358
Advance payment to suppliers	(1,337)	450
Under payables for purchase of property, plant and equipment	1,698	(404)
Acquired through hire purchase arrangements (Note 33(e))	(174)	(108)
Cash disbursed for purchase of property, plant and equipment	<u>19,535</u>	<u>22,296</u>

Notes to the Financial Statements

For the financial year ended 31 December 2025

33. Cash flow information (continued)

(b) The cash disbursed for the addition of right-of-use assets is as follows:-

	The Group	
	2025 RM'000	2024 RM'000
Cost of right-of-use assets purchased (Note 15)	-	345
Additions of new lease liabilities (Notes 27 and 33(e))	-	(345)
Cash disbursed for purchase of right-of-use assets	-	-

(c) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Fixed deposits with licensed banks	5,004	4,773	3,735	3,495
Cash and bank balances	67,464	62,722	65	64
Bank overdrafts	(800)	(1,181)	-	-
	<u>71,668</u>	<u>66,314</u>	<u>3,800</u>	<u>3,559</u>
Less: Fixed deposits pledged to licensed banks (Note 24)	(3,551)	(3,512)	(2,284)	(2,234)
Fixed deposits with tenure more than 3 months	<u>(1,293)</u>	<u>(1,261)</u>	<u>(1,451)</u>	<u>(1,261)</u>
	<u>66,824</u>	<u>61,541</u>	<u>65</u>	<u>64</u>

(d) The total cash outflows for leases as a lessee are as follows:-

	The Group	
	2025 RM'000	2024 RM'000
Payment of short-term leases	711	694
Payment of low-value assets	61	62
Interest paid on lease liabilities	54	35
Payment of lease liabilities	<u>1,057</u>	<u>1,147</u>
	<u>1,883</u>	<u>1,938</u>

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Notes to the Financial Statements

For the financial year ended 31 December 2025

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
2025							
At 1 January	*	54,722	181	41,729	1,983	1,988	100,603
Changes in financing cash flows							
Net proceeds from drawdown	-	2,469	-	-	-	-	2,469
Net repayment of principal	-	-	(12)	-	-	-	(12)
Repayment of principal	-	-	-	(1,870)	(1,057)	(1,148)	(4,075)
Repayment of interests	(80)	(1,609)	-	(1,357)	(54)	(82)	(3,182)
	(80)	860	(12)	(3,227)	(1,111)	(1,230)	(4,800)
Other changes							
Acquired under hire purchase (Note 33(a))	-	-	-	-	-	174	174
Interest expenses recognised in profit or loss	80	1,609	-	595	54	82	2,420
Interest expense capitalised in property development costs (Note 18)	-	-	-	762	-	-	762
Reassessment/Modification of leases (Note 27)	-	-	-	-	37	-	37
Derecognition due to lease termination (Note 27)	-	-	-	-	(31)	-	(31)
At 31 December	80	1,609	-	1,357	60	256	3,362
*	57,191	57,191	169	39,859	932	1,014	99,165

* 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 2025

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
2024							
At 1 January	*	47,594	338	12,782	1,246	3,864	65,824
Changes in financing cash flows							
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
Other changes							
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)
At 31 December	75	1,873	-	1,425	1,919	293	5,585
*	54,722	181	41,729	1,983	1,988	1,988	100,603

* 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 2025

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	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Companies in which certain directors have substantial financial interests				
Lease expenses	684	660	-	-
Sales of goods	(11,418)	(9,785)	-	-
Purchase of goods	278	421	-	-
Companies in which close family members of certain directors have substantial financial interest				
Lease expenses	40	-	-	-
Repair and maintenance	60	6	-	-
Sales of goods	(195)	(363)	-	-
Purchase of goods	2,714	3,020	-	-
Purchase of property, plant and equipment	53	437	-	-
Construction of hostel	2,520	-	-	-

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.

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Notes to the Financial Statements

For the financial year ended 31 December 2025

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	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
(a) Directors				
<u>Directors of the Company</u>				
Short-term employee benefits:				
- fees	240	240	240	240
- salaries, bonuses and other benefits	2,448	3,025	19	24
Defined contribution benefits	171	253	-	-
	<u>2,859</u>	<u>3,518</u>	<u>259</u>	<u>264</u>
<u>Directors of the Subsidiaries</u>				
Short-term employee benefits:				
- salaries, bonuses and other benefits	810	751	-	-
Defined contribution benefits	97	90	-	-
	<u>907</u>	<u>841</u>	<u>-</u>	<u>-</u>
Total directors' remuneration (Note 9)	<u>3,766</u>	<u>4,359</u>	<u>259</u>	<u>264</u>

The estimated monetary value of benefits-in-kind provided by the Group to the directors of the Company was approximately RM61,000 (2024 - RM66,000).

(b) Other key management personnel

	The Group		The Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Short-term employee benefits	1,454	791	-	-
Defined contribution benefits	174	66	-	-
Total compensation for other key management personnel (Note 10)	<u>1,628</u>	<u>857</u>	<u>-</u>	<u>-</u>

36. Capital commitments

	The Group	
	2025 RM'000	2024 RM'000
Purchase of property, plant and equipment	2,339	3,908
Construction of property	4,680	-
	<u>7,019</u>	<u>3,908</u>

Notes to the Financial Statements

For the financial year ended 31 December 2025

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.

The Group	Revenue		Non-current Assets	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Malaysia	291,444	285,719	151,490	148,223
Asia	5,195	4,811	-	-
United States of America	2,442	6,506	-	-
	<u>299,081</u>	<u>297,036</u>	<u>151,490</u>	<u>148,223</u>

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 occasion, 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 2025

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
2025			
<u>Financial assets</u>			
Trade receivables	422	-	422
Other receivables	-	145	145
Cash and bank balances	135	-	135
<u>Financial liabilities</u>			
Trade payables	(680)	-	(680)
Other payables and accruals	(747)	-	(747)
	<u>(870)</u>	<u>145</u>	<u>(725)</u>

The Group

2024

<u>Financial assets</u>			
Trade receivables	1,599	-	1,599
Other receivables	5	-	5
Cash and bank balances	67	-	67
<u>Financial liabilities</u>			
Trade payables	(1,178)	-	(1,178)
Other payables and accruals	(621)	(1,335)	(1,956)
	<u>(128)</u>	<u>(1,335)</u>	<u>(1,463)</u>

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	
	2025 RM'000	2024 RM'000
Effects on Profit After Taxation		
USD/RM – strengthened by 10% (2024 - 15%)	(66)	(15)
– weakened by 10% (2024 - 15%)	66	15
CNY/RM – strengthened by 7% (2024 - 12%)	8	(122)
– weakened by 7% (2024 - 12%)	<u>(8)</u>	<u>122</u>

Notes to the Financial Statements

For the financial year ended 31 December 2025

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	
	2025	2024
	RM'000	RM'000
Effects on Profit After Taxation		
Increase of 25 basis points (2024 - 26 basis points)	(168)	(172)
Decrease of 26 basis points (2024 - 26 basis points)	168	172
	<u>168</u>	<u>172</u>

(iii) Equity price risk

The Group and the Company do not have any quoted investments and hence, are not exposed to equity price risk.

(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.

Notes to the Financial Statements

For the financial year ended 31 December 2025

38. Financial instruments (continued)

38.1 Financial risk management policies (continued)

(b) Credit risk (continued)

(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	
	2025 RM'000	2024 RM'000
Local	69,231	63,413
Foreign	440	1,700
	<u>69,671</u>	<u>65,113</u>

(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.

(iii) Assessment of impairment losses

The Group has a formal credit policy in place and the exposure to credit risk is monitored on an ongoing 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.

Notes to the Financial Statements

For the financial year ended 31 December 2025

38 Financial instruments (continued)

38.1 Financial risk management policies (continued)

(b) Credit risk (continued)

(iii) Assessment of impairment losses (continued)

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.

Trade receivables

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 an individual basis.

The expected loss rates are based on the payment profiles of sales over 24 months (2024 - 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 Gross Domestic Product (GDP) 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.

Notes to the Financial Statements

For the financial year ended 31 December 2025

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)

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
<u>Trade receivables</u>			
Balance as at 1.1.2024	1,070	1,253	2,323
Addition	604	46	650
Reversal	(11)	(489)	(500)
Written off	-	(485)	(485)
Balance as at 31.12.2024/1.1.2025	1,663	325	1,988
Addition	63	24	87
Reversal	-	(124)	(124)
Written off	-	(61)	(61)
Balance as at 31.12.2025	1,726	164	1,890

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
2025				
Current (not past due)	58,220	-	(730)	57,490
1 to 30 days past due	10,931	-	(182)	10,749
31 to 60 days past due	1,414	-	(150)	1,264
61 to 90 days past due	276	-	(108)	168
Credit impaired	720	-	(720)	-
	71,561	-	(1,890)	69,671
2024				
Current (not past due)	48,186	-	(918)	47,268
1 to 30 days past due	13,965	-	(278)	13,687
31 to 60 days past due	3,760	-	(180)	3,580
61 to 90 days past due	878	-	(323)	555
Credit impaired	312	(161)	(128)	23
	67,101	(161)	(1,827)	65,113

Notes to the Financial Statements

For the financial year ended 31 December 2025

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)

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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2025

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 contracts.

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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Notes to the Financial Statements

For the financial year ended 31 December 2025

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
2025						
Non-derivative Financial Liabilities						
Trade payables	-	24,189	24,189	24,189	-	-
Other payables and accruals	-	12,851	12,851	12,851	-	-
Bank overdrafts	7.10 to 8.15	800	800	800	-	-
Bankers' acceptances	2.76 to 3.75	57,191	57,191	57,191	-	-
Charge card	2.00	169	169	169	-	-
Term loans	3.65 to 6.40	39,859	50,402	4,098	15,140	31,164
Lease liabilities	1.91 to 4.07	932	952	868	84	-
Hire purchase payables	2.37 to 3.50	1,014	968	851	117	-
		137,005	147,522	101,017	15,341	31,164

Notes to the Financial Statements

For the financial year ended 31 December 2025

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
2024						
<u>Non-derivative Financial Liabilities</u>						
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

Notes to the Financial Statements

For the financial year ended 31 December 2025

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):-

	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000
The Company					
2025					
<u>Non-derivative Financial Liabilities</u>					
Other payables and accruals	-	58	58	58	-
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries	-	-	99,811	99,811	-
		58	99,869	99,869	-
2024					
<u>Non-derivative Financial Liabilities</u>					
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	-

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.

Notes to the Financial Statements

For the financial year ended 31 December 2025

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	
	2025	2024
	RM'000	RM'000
Trade payables	24,189	18,535
Other payables and accruals	12,851	13,304
Bank overdrafts	800	1,181
Charge card	169	181
Lease liabilities	932	1,983
Term loans	39,859	41,729
Bankers' acceptances	57,191	54,722
Hire purchase payables	1,014	1,988
	<u>137,005</u>	<u>133,623</u>
Less: Cash and bank balances	(67,464)	(62,722)
Less: Fixed deposits with licensed banks	(5,004)	(4,773)
Net debt	<u>64,537</u>	<u>66,128</u>
Total equity	<u>202,663</u>	<u>201,141</u>
Total capital and net debt	<u>267,200</u>	<u>267,269</u>
Gearing ratio	<u>0.24</u>	<u>0.25</u>

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Notes to the Financial Statements

For the financial year ended 31 December 2025

38. Financial instruments (continued)

38.3 Classification of financial instruments

	The Group		The Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Financial Assets				
<u>Fair Value Through Profit or Loss</u>				
Derivative assets (Note 23)	-	3	-	-
<u>Amortised Cost</u>				
Trade receivables (Note 21)	69,671	65,113	-	-
Other receivables (Note 22)	210	231	20	15
Fixed deposits with licensed banks (Note 24)	5,004	4,773	3,735	3,495
Cash and bank balances	67,464	62,722	65	64
	<u>142,349</u>	<u>132,839</u>	<u>3,820</u>	<u>3,574</u>
Financial Liabilities				
<u>Amortised Cost</u>				
Trade payables (Note 29)	24,189	18,535	-	-
Other payables and accruals (Note 30)	12,851	13,304	58	56
Bank overdrafts (Note 31)	800	1,181	-	-
Charge card (Note 26)	169	181	-	-
Lease liabilities (Note 27)	932	1,983	-	-
Hire purchase payables (Note 26)	1,014	1,988	-	-
Term loans (Note 26)	39,859	41,729	-	-
Bankers' acceptances (Note 26)	57,191	54,722	-	-
	<u>137,005</u>	<u>133,623</u>	<u>58</u>	<u>56</u>

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Notes to the Financial Statements

For the financial year ended 31 December 2025

38. Financial instruments (continued)

38.4 Gains or losses arising from financial instruments

	The Group		The Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Financial Assets				
<u>Fair Value Through Profit or Loss</u>				
Net losses recognised in profit or loss	(3)	(34)	-	-
<u>Amortised Cost</u>				
Net gains recognised in profit or loss	1,244	1,343	90	90
Financial Liabilities				
<u>Amortised Cost</u>				
Net losses recognised in profit or loss	(2,782)	(3,305)	-	-

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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Notes to the Financial Statements

For the financial year ended 31 December 2025

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:-

The Group	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value RM'000	Carrying Amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
2025								
<u>Financial Liabilities</u>								
Hire purchase payables	-	-	-	-	932	-	932	1,014
Term loans:								
- floating rate	-	-	-	-	39,859	-	39,859	39,859
2024								
<u>Financial Assets</u>								
Derivative assets:								
- forward currency contracts	-	3	-	-	-	-	3	3
<u>Financial Liabilities</u>								
Hire purchase payables	-	-	-	-	1,978	-	1,978	1,988
Term loans:								
- floating rate	-	-	-	-	41,729	-	41,729	41,729

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Notes to the Financial Statements

For the financial year ended 31 December 2025

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	
	2025	2024
	%	%
Hire purchase payables	<u>3.24 - 3.31</u>	<u>3.24 - 3.31</u>

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Disclosure of Financial Data for Shariah Screening

Pursuant to Paragraph 9.25A of the Main Market Listing Requirements (“MMLR”), below are the financial data that are relevant for purpose of Shariah screening by the Shariah Advisory Council of the Securities Commission Malaysia. These include financial data on Shariah non-permissible income arising from the Group’s business activities and interest-based financial position.

(a) Group Total Income and Total Assets

	Remarks	Group	
		2025 (RM'000)	2024 (RM'000)
Total Income			
Revenue		299,081	297,036
Other income		1,469	2,288
Interest income		1,270	1,524
Total		301,820	300,848
Total Assets		353,405	348,420

(b) Business Activities

	Remarks	Group	
		2025 (RM'000)	2024 (RM'000)
Shariah Non-Compliant Activities			
N/A		N/A	N/A
Total		N/A	N/A

(c) Component of Financial Position

(i) Cash Component

	Remarks	Group	
		2025 (RM'000)	2024 (RM'000)
Islamic Account/ Instruments			
Cash at bank (exclude cash in hand)		28,861	33,561
Deposits with licensed bank		3,011	2,788
Total		31,872	36,349

	Remarks	Group	
		2025 (RM'000)	2024 (RM'000)
Conventional Account/ Instruments			
Cash at bank (exclude cash in hand)		38,534	29,088
Cash in hand		69	73
Deposits with licensed bank		1,993	1,985
Total		40,596	31,146

Disclosure of Financial Data for Shariah Screening

(ii) Debt Component

Islamic Financing	Remarks	Group	
		2025 (RM'000)	2024 (RM'000)
Current			
Bank overdrafts		644	793
Banker's acceptances		40,632	35,470
Term financing		2,225	1,024
Non-Current			
Term financing		31,459	33,748
Total		74,960	71,035

Conventional Borrowing	Remarks	Group	
		2025 (RM'000)	2024 (RM'000)
Current			
Bank overdrafts		156	388
Banker's acceptances		16,559	19,252
Hire purchase payables		846	936
Term loans		764	745
Bank borrowings	Charge card	169	181
Non-Current			
Hire purchase payables		168	1,052
Term loans		5,411	6,212
Total		24,073	28,766

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List Of Properties

AS at 31 December 2025

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 31/12/2025 (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	29	04-Mar-02	25,306
PKNM*	Lot PT 6127, Kawasan Perindustrian Batu Berendam IV, Melaka Factory No.: 8998, Kawasan Perindustrian Batu Berendam (Phase IV) (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 H.S. (D), 85476, PT 12084), Mukim of Krubong, District of Melaka Tengah, Negeri Melaka	61,416	Leasehold 99 Years Expiring On 28/04/2112	Land Held for Development		02-Feb-24	20,651
OISB(M)	PN 67964, Lot 23934 (formerly known as H.S. (D), 85477, PT 12085), Mukim of Krubong, District of Melaka Tengah, Melaka	40,589	Leasehold 99 Years Expiring On 28/04/2112	Land under Development		02-Feb-24	13,287
OISB(BF)	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	28	27-Oct-97	
OISB(BF)	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	28	27-Dec-11	15,818
OISB(BF)	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	29	25-Jan-22	
OISB(BF)	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	26	09-Nov-22	
OISB(PERAK)	424165, 424166, 424167, 424168, 424169, 424170 Mukim of Hulu Kinta, District of Kinta, Perak Darul Ridzuan 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	35	25-May-90	6,398
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	19	14-Mar-02	
OISB(JOHOR)	Lot No. 39337, Title No. GRN 395596 No. 305, Jalan Idaman 1/15, Taman Perindustrian Senai, 81400 Senai, Johor Darul Takzim	5,494	Freehold	Industrial & Office	28	17-Apr-25	7,390

Notes:- OISB(M) - Omappaper Industry (M) Sdn. Bhd.

OISB(BF) - Omappaper Industry (Batu Pahat) Sdn. Bhd.

OISB(JOHOR) - Omappaper Industry (Johor) Sdn. Bhd.

OISB(PERAK) - Omappaper 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 1 April 2026

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	1.10	458	0.00
100 – 1,000	280	19.20	216,651	0.29
1,001 – 10,000	735	50.41	3,665,200	4.94
10,001 – 100,000	356	24.42	11,668,804	15.74
100,001 – 3,707,606 (*)	70	4.80	20,715,824	27.94
3,707,607 and above (**)	1	0.07	37,885,219	51.09
TOTAL	1,458	100	74,152,156	100

Remarks: * Less than 5% of issued shares
** 5% and above of issued shares

SUBSTANTIAL SHAREHOLDERS

Name	Direct		Indirect	
	No. of Shares	%	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⁾ 38,501,143	51.92

Analysis of Shareholdings

As at 1 April 2026

DIRECTORS' SHAREHOLDINGS (Based on the Register of Directors' Shareholdings)

Name	Direct		Indirect	
	No. of Shares	%	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⁾ 38,501,143	51.92
Dr. Ang Kwee Teng	25,000	0.03	-	-
Lim Joo Song	-	-	⁽⁴⁾ 292,000	0.39
Lim Kit Ming	-	-	-	-
Sean Ne Teo	-	-	-	-
Eric Chan See Quan	-	-	-	-

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. ("**UPS**B") 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 1 April 2026

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	Teo Kwee Hock	893,800	1.21
5	Teu Chee Chai	866,900	1.17
6	Chong Nyok Moey	806,600	1.09
7	Lim Hong Liang	745,000	1.00
8	Tan Soo Han	665,000	0.90
9	Wong Lai Han	615,900	0.83
10	Soo Chok Chin	509,300	0.69
11	Ling Eng Kheat	470,100	0.63
12	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Pilihan Sistemik Sdn. Bhd.	459,324	0.62
13	Tan Kok Choon	440,000	0.59
14	Yeo Ser Ken	420,000	0.57
15	Chen Foong Szeen	408,500	0.55
16	Teh Ai Lee	401,800	0.54
17	Khoo Yew Nean	361,000	0.49
18	Ang Hong Mai	357,000	0.48
19	RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chen Fook Wah	351,500	0.47
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	Huang Phang Lye	293,600	0.40
25	Lim Huey Tien	292,000	0.39
26	Liau Keen Yee	280,000	0.38
27	Wang Yeen Wah	270,000	0.36
28	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Gan Hai Toh	265,800	0.36
29	Wong Sik Wan	251,700	0.34
30	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Goh Chu Leong	240,500	0.32

Notice of the Twenty-Fourth Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty-Fourth 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 **Friday, 29 May 2026 at 10:30 a.m.** for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2025, 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 RM255,000.00 from 30 May 2026 until the Twenty-Fifth Annual General Meeting of the Company. (Ordinary Resolution 1)
3. To approve the payment of Directors' benefits payable up to an amount of RM32,000.00 from 30 May 2026 until the Twenty-Fifth Annual General Meeting of the Company. (Ordinary Resolution 2)
4. To re-elect Dr. Ang Kwee Teng, who retires by rotation in accordance with Clause 120 of the Company's Constitution, and being eligible, has offered himself for re-election. (Ordinary Resolution 3)
5. To re-elect Mr. Lim Kit Ming, who retires by rotation in accordance with Clause 120 of the Company's Constitution and being eligible, has offered himself for re-election. (Ordinary Resolution 4)
6. To re-elect Mr. Eric Chan See Quan, who retires in accordance with Clause 119 of the Company's Constitution and being eligible, has offered himself for re-election. (Ordinary Resolution 5)
7. To re-appoint Crowe Malaysia PLT as Auditors of the Company for the financial year ending 31 December 2026 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:-

8. **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;

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."

Notice of the Twenty-Fourth Annual General Meeting

9. **Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue and/or Trading Nature ("Proposed New Shareholders' Mandate")** (Ordinary Resolution 8)

"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 2026 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."

10. **Proposed Renewal of Existing Shareholders' Mandate for Existing Recurrent Related Party Transactions of a Revenue and/or Trading Nature** (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 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 2026 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;

Notice of the Twenty-Fourth Annual General Meeting

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.”

11. **Proposed Renewal of Authority for the Company to Purchase Its Own Shares (“Proposed Renewal of Share Buy - Back Authority”)**

(Ordinary
Resolution 10)

“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:

- (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;

Notice of the Twenty-Fourth Annual General Meeting

- (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);

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.”

12. 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 2026

Notes:

1. A member of a Company shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her 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.

Notice of the Twenty-Fourth Annual General Meeting

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/her 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 **Wednesday, 27 May 2026 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.

Notice of the Twenty-Fourth Annual General Meeting

11. In respect to deposited securities, only members whose names appear in the Record of Depositors on **21 May 2026** (“**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 2025**

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 2026 until the Twenty-Fifth 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.

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 2026 until the Twenty-Fifth 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 and 4: 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, Dr. Ang Kwee Teng and Mr. Lim Kit Ming are scheduled to retire at the forthcoming Twenty-Fourth Annual General Meeting. Being eligible, both Directors have offered themselves for re-election.

The Board of Directors, through the Nomination Committee, has conducted the requisite assessments and concluded that Dr. Ang Kwee Teng and Mr. Lim Kit Ming 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.

Both 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 2025 Annual Report.

Notice of the Twenty-Fourth Annual General Meeting

(iii) Ordinary Resolution 5: Re-election of Director who retires in accordance with Clause 119 of the Company's Constitution

Pursuant to Clause 119 of the Company's Constitution, Mr. Eric Chan See Quan is scheduled to retire at the forthcoming Twenty-Fourth Annual General Meeting. Being eligible, has offered himself for re-election.

The Board of Directors, through the Nomination Committee, has conducted the requisite assessments and concluded that Mr. Eric Chan See Quan meets 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 his duties as Director.

The retiring Director has also provided a declaration of fitness and propriety in accordance with the Company's Directors' Fit and Proper Policy.

The retiring Director has consented to his re-election and has abstained from deliberation and decision-making regarding his own re-election at the relevant Nomination Committee and Board meetings, where applicable.

The profile of the Director standing for re-election is available in the Directors' Profiles section of the 2025 Annual Report.

(iv) 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 2026.

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-Fourth Annual General Meeting of the Company.

(v) 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-Third Annual General Meeting held on 29 May 2025. 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-Third 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-Fourth Annual General Meeting

(vi) **Ordinary Resolutions 8 and 9: 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 8 and 9, 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 2026.

(vii) **Ordinary Resolution 10: Proposed Renewal of Share Buy-Back Authority**

The proposed Ordinary Resolution 10, 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 2026.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, participate, speak, and vote at the Twenty-Fourth 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 Annual General Meeting (including any adjournment thereof), as well as for the preparation and compilation of attendance lists, minutes, and other documents relating to the Annual General Meeting, 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.

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			

#to put on a separate sheet where there are more than two (2) proxies.

100%

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-Fourth 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 **Friday, 29 May 2026 at 10:30 a.m.** and at any adjournment thereof.

Please indicate with an "X" or "√" 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 RM255,000.00 from 30 May 2026 until the Twenty-Fifth Annual General Meeting of the Company.		
2.	To approve the payment of Directors' benefits payable up to an amount of RM32,000.00 from 30 May 2026 until the Twenty-Fifth Annual General Meeting of the Company.		
3.	To re-elect Dr. Ang Kwee Teng, who retires by rotation in accordance with Clause 120 of the Company's Constitution.		
4.	To re-elect Mr. Lim Kit Ming, who retires by rotation in accordance with Clause 120 of the Company's Constitution.		
5.	To re-elect Mr. Eric Chan See Quan, who retires in accordance with Clause 119 of the Company's Constitution.		
6.	To re-appoint Crowe Malaysia PLT as Auditors of the Company for the financial year ending 31 December 2026 and to authorise the Directors to determine their remuneration.		
7.	Authority to Issue Shares pursuant to the Companies Act 2016.		
8.	Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue and/or Trading Nature.		
9.	Proposed Renewal of Existing Shareholders' Mandate for Existing Recurrent Related Party Transactions of a Revenue and/or Trading Nature.		
10.	Proposed Renewal of Authority for the Company to Purchase Its Own Shares.		

As witness my/our hand(s) this day _____ of _____, 2026.

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/her proxy to exercise all or any of his/her 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/her 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 **Wednesday, 27 May 2026 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 2026** ("**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 2026.

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

Ornapaper BERHAD 200201006032 (573695-W)

No. 8998, Kawasan Perindustrian
Batu Berendam Peringkat IV,
75350 Melaka, Malaysia.

Tel: 06-3355 888 Fax: 06-3355 999

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