



Daibochi Plastic

And Packaging Industry Berhad (12994-W)

GST Reg. No. : 000101711872

MINUTES OF THE FORTY FIFTH (45TH) ANNUAL GENERAL MEETING (AGM) OF DAIBOCHI PLASTIC AND PACKAGING INDUSTRY BHD HELD AT BUNGA MELATI, 7TH FLOOR, RAMADA PLAZA MELAKA, JALAN BENDAHARA, 75100 MELAKA ON FRIDAY, JUNE 8, 2018 AT 11.30 A.M.

- PRESENT:**
- Mr Heng Fu Joe (In the Chair)
 - Mr Lim Soo Koon
 - Mr Low Geoff Jin Wei
 - Ms Caroline Ang Choo Bee
 - Mr Faris Salim Cassim
 - A corporate representative from the Minority Shareholder Watchdog Group
 - 17 members present in person
 - 3 proxy holders present
- BY INVITATION:**
- Mr Terence Loo (representing Aquilas Advisory (M) Sdn Bhd)
 - Mr Tay Tze Yi (representing Aquilas Advisory (M) Sdn Bhd)
 - Mr Desmond Tan (representing Grant Thornton Malaysia)
 - Mr Gerald Lee (representing Grant Thornton Malaysia)
- IN ATTENDANCE:**
- Ms Tan Gaik Hong (Company Secretary)
 - Ms Geetharani Ranganathan (Company Secretary)

CHAIRMAN'S OPENING REMARKS

- 1.1 The Chairman, Mr Heng Fu Joe welcomed all those present at the Meeting and introduced the Board members and the Company Secretaries to the shareholders.
- 1.2 Ms Geetharani (Company Secretary) confirmed that there was a quorum pursuant to Article 72 of the Company's Constitution. There were 17 shareholders present at the AGM. The Company/Daibochi Malaysia had received 41 valid proxy forms as well as a letter from the Minority Shareholder Watchdog Group (MSWG), appointing a corporate representative to attend the AGM. The proxies represent 148,734,864 ordinary shares or 45.36% of the total issued share capital of the Company. 35 shareholders appointed the Chairman as proxy. With the requisite quorum being present, the Chairman called the Meeting to order at 11.30 a.m.
- 1.3 The Chairman informed that Mr Desmond Tan and Mr Gerald Lee, representatives from Grant Thornton Malaysia (Daibochi's external auditors) were present to attend to any queries that the shareholders may have in relation to the Group's Audited Financial Statements.
- 1.4 Members were informed that, in line with Paragraph 8.29A of Bursa Malaysia's Listing Requirements, all resolutions set out in the AGM notice will be voted by poll. The polling process would be conducted after the deliberation of all items on the Agenda. To facilitate the poll process, the Company has appointed Tricor Investor & Issuing House Services Sdn Bhd (the Company's Share Registrar) as Poll Administrator and Needsbridge Advisory Sdn Bhd. as the Scrutineer to verify the poll results.

NOTICE OF MEETING

2. The Chairman informed that the Notice convening the AGM was advertised in the newspapers and the abridged AGM notice; Annual Report (in CD format) and share buyback statement were circulated to all shareholders on April 30, 2018. As there were no objections, the Chairman declared the Notice of Meeting as having been read.
- 2.1 Before commencing the official business of the Meeting, the Chairman called on the Managing Director (MD) of the Company, Mr Lim Soo Koon to give a Corporate Presentation of the Group. The flexible packaging materials manufactured by the Company were also displayed at the Meeting to enable shareholders to view the nature of products supplied by Daibochi.

MANAGING DIRECTOR'S PRESENTATION

3. The MD thanked the shareholders for their support and presence and proceeded with the AGM Corporate Presentation encompassing the following areas:

3.1 Overview

Daibochi Malaysia, established in 1972, is a leading consumer flexible packaging player in Malaysia and South East Asia (SEA) with a 45 year track record, serving leading multinational company (MNC) brands in the food and beverage (F&B) and fast moving consumer goods (FMCG) sector. We have an experienced R&D team supported by well-equipped laboratory testing facilities. Exports across SEA, Australia and New Zealand (ANZ) markets make up more than 50% of the Group's revenue.

3.2 Operational and Corporate highlights

- (a) Commenced operations of Daibochi Packaging Myanmar Company Limited (Daibochi Myanmar)

Daibochi Myanmar officially commenced operations on July 1, 2017. In December 2017, Daibochi Myanmar secured approval from the Myanmar Investment Commission (MIC) to export goods outside of Myanmar and received notification from the MIC in December 2017 on the commencement of its 5-year income tax waiver from November 22, 2017. The manufacturing plant secured the ISO 9001:2015 and the Hazard Analysis and Critical Control Point certifications, paving the way for Daibochi Myanmar to enter the qualification process with MNCs.

- (b) Increased Domestic and Foreign Sales in Financial Year (FY) 2017

Overseas revenue increased 4.5% from RM204 million in FY2016 to RM213 million in FY2017, due to contributions from Daibochi Myanmar. Domestic sales increased 5% to RM175.6 million (FY2016:RM167.2 million) due to increased orders.

- (c) Developed New Product Line

Daibochi Malaysia worked with MNCs in the ANZ region to develop flexible packaging in pouch form for their FMCG product, thereby strengthening our value proposition to MNCs.

(d) Corporate Governance and Business Conduct

Daibochi Malaysia was ranked among the Top 100 Companies for Overall Corporate Governance and Performance as well as among the Top 100 Companies for Good Disclosures at the MSWG-ASEAN Corporate Governance Recognition 2017 event. The MSWG also awarded the Company with the Merit Award for Best AGM in 2017 for companies with market capitalisation below RM1 billion.

3.3 FY2017 Performance

The Group recorded revenue of RM388.6 million in FY2017 compared to RM371.2 million in FY2016, mainly attributed to contributions from Daibochi Myanmar. Group profit before tax (PBT) rose to RM35.7 million from RM30 million in FY2016. Return on shareholders' equity was at 13.3% whilst net gearing remained at a conservative level at 0.26 times at end FY2017, up from 0.20 times at end FY2016.

3.4 Dividends

Effective from FY2017, the Group's dividend policy was revised to distribute at least 60% of Group net profit to shareholders, excluding net profit contributions from Daibochi Myanmar. The Group paid 4 interim single-tier dividends to shareholders in respect of FY2017 amounting to a total of 4.55sen per share, after adjusting for the bonus issue of 2 shares for every 10 ordinary shares, which was completed on June 28, 2017. Total dividend pay-out amounted to RM14.9 million, representing 61.6% of FY2017 net profit, excluding contributions from Daibochi Myanmar.

3.5 Corporate exercise – Completed bonus and 5 years' free warrants issue

Daibochi Malaysia completed a 2-for-10 bonus issue with 54.6 million bonus shares listed on the Main Market of Bursa Malaysia on June 28, 2017. This allows for enhanced trading liquidity of the Company's shares, potential to broaden shareholder base and enlarged share capital through capitalization of retained earnings. The Company also successfully completed a 1-for-10 free warrants issue with 27.3 million warrants listed on the Main Market of Bursa Malaysia on June 28, 2017. The exercise price of the warrant at RM2.50 would allow the Company to raise RM68.3 million for working capital and serves as a low cost entry for shareholders to increase equity participation in the Group.

3.6 Growth Strategies – Boosting Clientele While Improving Efficiency

(a) Pursuing Regional Penetration via Daibochi Myanmar

Daibochi Myanmar is tendering for sales contracts with major domestic brands and leveraging on its low cost and geographical advantage to secure more export contracts from cost-sensitive customers in the SEA region. It is also targeting to enter into qualification with MNCs to serve their expanding packaging requirements in the SEA region.

(b) Targeting value-added shipments at Malaysia

Daibochi Malaysia commenced shipments of pouch-form flexible packaging to a FMCG MNC in the ANZ region and will commence exports to the MNC's Thailand plant in September 2018. We are working with a MNC to commence supply of flexible packaging for its F&B brand in Indonesia and also targeting to qualify with more MNCs.

(c) Upgrading Capacity and Capabilities

- (i) Malaysia plant – A new flexographic printer, which allows for more efficient and better quality prints (lower ink usage and wastage and reduced setup time between jobs), was installed in May 2018. There is a planned capex of RM7.7 million for the rest of FY2018 for a high speed slitter and supporting machinery.
- (ii) Myanmar plant – An extrusion machine was acquired in the 1st quarter of 2018. There is a planned capex of RM6.3 million for the rest of FY2018 for new machinery whilst factory expansion is expected to be completed in end 2018.
- (iii) Daibochi will continue to engage with our employees to identify skill upgrading opportunities and review manufacturing processes for wastage reduction and cost savings.

3.7 The Chairman invited comments/questions from the floor in relation to the MD's presentation.

3.7.1 Mr Tan Lay Swee, a shareholder, raised the following questions, which were duly answered as follows:

- (a) With regard to the query on Daibochi's top 3 customers, the MD informed that they are major MNCs/global brands in the F&B industry.
- (b) As to whether Daibochi anticipates any issues with ploughing back profit to the Myanmar operations given that some companies have faced challenges in the past, Mr Lim informed that the Board has decided to repatriate a small amount to Daibochi Malaysia by end 2018. Mr Lim added that Management will do the necessary should there be any issue of concern.
- (c) In response to whether there will be higher dividends declared by the Board in future; the MD informed that the Group's revised Dividend Policy is to distribute no less than 60% of the Group's net profit to shareholders, excluding net profit contributions from Daibochi Myanmar. The dividend is to be paid on a quarterly basis. This is in line with the Group's intention to enable Daibochi Myanmar to reinvest its earnings, at least over the next 2 years, into the operations in order to expand its scope of works and establish a stronger foothold to capture the potential in the Myanmar and SEA region. The Board will take into account Daibochi's earnings and strive to reward shareholders with better dividend pay-out in future.
- (d) In relation to the effect of the rising crude oil prices, the MD responded that there will be an impact to Daibochi's operations to a certain extent. We have a cost-pass-through mechanism with the majority of our key MNC customers wherein most raw material pricing typically face a time lag before being adjusted every 3 to 6 months. This allows for some degree of pass on when there is an increase in the price of raw materials.
- (e) With regard to the targets for growth in Myanmar, Mr Lim explained that we are aiming to achieve rapid growth and will continue with efforts to secure more business from major domestic consumer brands in Myanmar as well as MNCs. Management will explore all opportunities to reach the targeted revenue of RM100 million in 2019.
- (f) In respect of the Group's financial performance in terms of geographical location, the Chairman informed that the Group operates in 4 principal geographical areas, namely, Malaysia, Myanmar and ANZ. The Group's financial performance from continuing operations by geographical location is set out on page 118 of the

3.7.2. Ms Chong Sui San, a proxy holder for CIMSEC Nominees (Tempatan) Sdn Bhd sought the Board's views on the following matters:

- (a) In response to whether Daibochi Myanmar is looking to serve the flexible packaging requirements of Thailand companies given that their products are well-known in the Indochina market, the MD informed that our Sales team has approached major consumer brands in Myanmar, including those from Thailand. We have secured business from some of these major brands and have plans to work with others that are prevalent in the Myanmar market. We are also looking to enter into the qualification process with MNC customers with manufacturing plants in Myanmar, to serve their requirements in the SEA region.
- (b) With regard to the impact of the proposed new minimum wage policy in Malaysia, Mr Lim responded that the Company will experience higher operating cost. In this regard, Management will continue to improve operational efficiency and increase sales (to secure higher gross profit) to cushion the incremental cost. As to whether the Company can capitalise on the low cost base in Daibochi Myanmar, Mr Lim stated that we will leverage on the Myanmar workforce pool to support our operations. Mr Lim added that the Board is always mindful of the interest of the Company's shareholders and will ensure that strategies undertaken continue to enhance performance and shareholder value.
- (c) In relation to the suggestion for Daibochi Malaysia to qualify for the Environment, Social and Governance (ESG) Index, Mr Lim informed that most of our MNC customers have their own standards on ESG. Hence, priority is given to meeting their specific requirements, particularly in relation to developing biodegradable packaging materials.

3.7.3 (a) Mr Keh Yeow Hwee, a shareholder, enquired whether the Company will be improving its R&D to develop recyclable packaging materials. The MD responded that our key MNC customers have the expertise/knowledge in this area and we are collaborating with them to develop cost effective and viable sustainable flexible packaging solutions.

- (b) With regard to Mr Keh's query whether the change of name is due to the Company venturing into new packaging products, Mr Lim informed that Daibochi will continue with its core business of serving customers in the F&B industry.

3.8 There being no further queries, the Chairman concluded the questions and answers session for the presentation and proceeded with the Agenda items.

AGENDA ITEM 1: AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2017 AND THE DIRECTORS' AND AUDITORS' REPORTS

4. The Audited Financial Statements for FYE December 31, 2017 together with the Directors' and Auditors' Reports were tabled for discussion.

4.1 The Chairman informed that the Company had received a letter from MSWG seeking clarification on certain points in relation to Strategy, Financial and Corporate Governance matters. The Chairman read the queries whilst Mr Faris Cassim presented the replies, which were projected onto the screen, for the benefit of the shareholders. The Company's responses to MSWG's questions are set out in Annexure A.

- 4.2 Thereafter, the Chairman invited questions from the floor in respect of the Audited Financial Statements and Reports. As there were no questions raised, it was recorded that the Audited Financial Statements and Reports had been duly received and adopted by the shareholders.

AGENDA ITEM 2: APPROVAL OF NON-EXECUTIVE DIRECTORS' FEES

5. The resolution on the approval of Non-Executive Directors' fees amounting to RM52,325 for the year ended December 31, 2017 was duly proposed and seconded.

AGENDA ITEM 3: RATIFICATION AND APPROVAL OF NON-EXECUTIVE DIRECTORS' BENEFITS

6. The resolution on the ratification and approval of Non-Executive Directors' benefits' up to an amount of RM206,800 from May 2018 until the next AGM of the Company was duly proposed and seconded.

AGENDA ITEM 4: RE-ELECTION OF MR LOW GEOFF JIN WEI AS DIRECTOR UNDER ARTICLE 103

7. The resolution to re-elect Mr Low Geoff Jin Wei as Director under Article 103 was duly proposed and seconded.

AGENDA ITEM 5: RE-ELECTION OF MR FARIS SALIM CASSIM AS DIRECTOR UNDER ARTICLE 94

8. The resolution to re-elect Mr Faris Salim Cassim as Director under Article 94 was duly proposed and seconded.

AGENDA ITEM 6: RE-APPOINTMENT OF AUDITORS

9. The resolution to re-appoint retiring Auditors, Messrs Grant Thornton Malaysia as Auditors of the Company for the financial year ending December 31, 2018 and to authorise the Directors to fix their remuneration was duly proposed and seconded.

AGENDA ITEM 7: AUTHORITY TO ALLOT SHARES

10. The resolution to authorise the Directors to allot shares pursuant to Section 75 of the Companies Act 2016 was duly proposed and seconded.

AGENDA ITEM 8: RENEWAL OF SHARE BUY-BACK AUTHORITY

12. The resolution to renew the share buy-back authority was duly proposed and seconded.

AGENDA ITEM 9: CHANGE OF COMPANY NAME

13. The special resolution to change the Company's name from Daiboichi Plastic And Packaging Industry Bhd to "Daiboichi Berhad" was duly proposed and seconded.

POLLING PROCESS

14. The Chairman invited the Poll Administrator to explain the polling procedure before the polling of all resolutions was carried out. The shareholders/proxy holders then completed their poll voting process. The meeting was then adjourned for 20 minutes for the counting of votes by the Scrutineer.

ANNOUNCEMENT OF POLL RESULTS

15. The Chairman called the Meeting to order at 12.45p.m. for the declaration of results of the poll as follows:

15.1 ORDINARY RESOLUTION 1 - APPROVAL OF NON-EXECUTIVE DIRECTORS' FEES

Votes For		Votes Against	
No. of shares	%	No. of units	%
163,886,718	100	0	0

The Chairman declared that Resolution 1 was duly passed as follows:

"THAT, the Directors' fees for the year ended December 31, 2017 amounting to RM52,325 be and is hereby approved."

15.2 ORDINARY RESOLUTION 2 - RATIFICATION AND APPROVAL OF NON-EXECUTIVE DIRECTORS' BENEFITS

Vote For		Vote Against	
No. of units	%	No. of units	%
163,886,718	100	0	0

The Chairman declared that Resolution 2 was duly passed as follows:

"THAT, the payment of Non-Executive Directors' benefits up to an amount of RM206,800 from May 2018 until the next AGM of the Company be ratified and approved".

15.3 ORDINARY RESOLUTION 3 - RE-ELECTION OF MR LOW GEOFF JIN WEI AS DIRECTOR UNDER ARTICLE 103

Vote For		Vote Against	
No. of units	%	No. of units	%
150,217,029	100	0	0

The Chairman declared that Resolution 3 was duly passed as follows:

"THAT, Mr Low Geoff Jin Wei who retired under Article 103 of the Company's Constitution be re-elected as Director of the Company".

15.4 ORDINARY RESOLUTION 4 - RE-ELECTION OF MR FARIS SALIM CASSIM AS DIRECTOR UNDER ARTICLE 94

Vote For		Vote Against	
No. of units	%	No. of units	%
163,903,998	100	0	0

The Chairman declared that Resolution 3 was duly passed as follows:

"THAT, Mr Faris Salim Cassim who retired under Article 94 of the Company's Constitution be re-elected as Director of the Company".

15.5 ORDINARY RESOLUTION 5 - RE-APPOINTMENT OF AUDITORS

Vote For		Vote Against	
No. of units	%	No. of units	%
163,903,998	100	0	0

The Chairman declared that Resolution 5 was unanimously passed as follows:

"THAT, the re-appointment of retiring Auditors, Messrs Grant Thornton Malaysia as Auditors of the Company for the financial year ending December 31, 2018 and authorization to the Directors to fix their remuneration be and is hereby approved."

15.7 ORDINARY RESOLUTION 6 – AUTHORITY TO ALLOT SHARES

Vote For		Vote Against	
No. of units	%	No. of units	%
154,656,018	94.358	9,247,980	5.642

The Chairman declared that Resolution 6 was duly passed as follows:

"THAT, subject to the provisions of Section 75 of the Companies Act, 2016, and the approval of the relevant authorities, the Directors be and are hereby authorised from time to time to issue and allot ordinary shares in the Company upon such terms and conditions and at such times as may be determined by the Directors to be in the interest of the Company provided always that the aggregate number of shares to be issued pursuant to this resolution shall not exceed ten percent (10%) of the issued share capital for the time being of the Company."

15.8 ORDINARY RESOLUTION 7 – RENEWAL OF SHARE BUY-BACK AUTHORITY

Vote For		Vote Against	
No. of units	%	No. of units	%
131,755,422	81.098	30,708,576	18.902

The Chairman declared that Resolution 7 was unanimously passed as follows:

"THAT, subject always to Section 127 of the Companies Act 2016 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association and the requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and any other relevant authority, the Company be and is hereby authorised to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia upon such terms and conditions as the Directors may deem

fit, necessary and expedient in the interest of the Company PROVIDED THAT:

- (a) the total aggregate number of ordinary shares in the Company which may be purchased and/or held by the Company shall not exceed ten percent (10%) of the total number of issued shares of the Company as quoted on Bursa Malaysia as at the point of purchase, subject to a restriction that the issued share capital of the Company does not fall below the applicable minimum share capital requirement of Bursa Malaysia's Listing Requirements;
- (b) the maximum funds to be allocated by the Company for the purpose of purchasing the shares shall not exceed the Company's latest audited retained earnings;
- (c) the authority conferred by this resolution will commence immediately upon passing of this ordinary resolution and will continue to be in force until:
 - (i) the conclusion of the next AGM at which time it shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
 - (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
 - (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first;

AND THAT, the Directors of the Company be and are hereby authorised to cancel all the shares or any part thereof so purchased or to retain all the shares so purchased as treasury shares (of which may be distributed as dividends to shareholders and/or resold on Bursa Malaysia and/or subsequently cancelled), or to retain part of the shares so purchased as treasury shares and cancel the remainder, and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act, Bursa Malaysia's Listing Requirements and any other relevant authorities for the time being in force.

AND THAT, the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise or to effect the aforesaid share buy-back with full powers to assent to any conditions, modifications, variations and/or amendments, as may be required or imposed by the relevant authorities and to do all such acts and things (including executing all documents) as the Directors may deem fit and expedient in the best interest of the Company."

15.9 SPECIAL RESOLUTION – CHANGE OF COMPANY'S NAME

Vote For		Vote Against	
No. of units	%	No. of units	%
163,903,998	100	0	0

The Chairman declared that the Special Resolution was unanimously passed as follows:

THAT, the name of the Company be hereby changed from "Daibochi Plastic And Packaging Industry Bhd" to "Daibochi Berhad" with effect from the date of issuance of the Notice of Registration of New Name by the Companies Commission of Malaysia and that the name of the Company be amended accordingly wherever it appears in the Company's Constitution (Change of Name).

AND THAT, the Directors and/or Company Secretaries be and are hereby authorised to give effect to the Change of Name with full power to assent to any conditions, modifications, variations and/or amendments as may be required by the relevant authorities.

AGENDA ITEM 10

16. Upon confirming with Ms Geetharani (Company Secretary), the Chairman informed that the Company had not received any notice to transact any other business at the Meeting.

PRESENTATION/UNVEILING OF THE COMPANY'S NEW LOGO

17. Mr Low Geoff Jin Wei presented a brief background of the Company's logo and informed that the new logo will reflect Daibohi's progressive and innovative nature, which are important attributes in the global flexible packaging business.

CLOSURE OF MEETING

18. The Chairman thanked the members for their presence and support. The Meeting ended at 1.00p.m. with a vote of thanks to the Chair.

CONFIRMED CORRECT


CHAIRMAN