

**Daibochi Plastic**  
**And Packaging Industry Berhad**  
(12994-W)

MINUTES OF THE FORTY SECOND (42<sup>ND</sup>) ANNUAL GENERAL MEETING ("AGM") OF THE COMPANY HELD AT BUNGA ORKID I, 9<sup>TH</sup> FLOOR, RAMADA PLAZA MELAKA, JALAN BENDAHARA, 75100 MELAKA ON MONDAY, JUNE 8, 2015 AT 11.30 A.M.

PRESENT: Mr P. James Edwin A/L Louis Pushparatnam (In the Chair)  
Datuk Wira Wong Soon Lim  
Mr Low Chan Tian  
Mr Lim Soo Koon  
Mr Low Jin Wei  
Mr Heng Fu Joe  
Ms Caroline Ang Choo Bee  
1 corporate representative  
12 members present in person  
5 proxy holders present  
6 shareholders appointed the Chairman as proxy holder

BY INVITATION: Mr Tay Tze Yi (representing Aquilas Advisory (M) Sdn Bhd)  
Mr Hooi Kok Mun (representing Messrs SJ Grant Thornton)  
Mr Ng Chee Hoong (representing Messrs SJ Grant Thornton)

IN ATTENDANCE: Ms Tan Gaik Hong (Company Secretary)

**CHAIRMAN'S OPENING REMARKS**

- 1.1 The Chairman, after confirming with the Company Secretary that there was a quorum, called the meeting to order at 11.30 a.m. The Chairman welcomed all those present at the meeting, thanked them for their presence and introduced the members of the Board and the Company Secretary to the shareholders.
- 1.2 The Chairman informed the members that the form of voting at the meeting will be by way of show of hands. In line with the Company's commitment towards promoting good corporate governance, the Chairman further informed the members of their right to demand for a poll on the resolutions to be tabled at the meeting in accordance with recommendation 8.2 of the Malaysian Code on Corporate Governance 2012.

**NOTICE OF MEETING**

2. The Notice of Meeting, having been circulated earlier, was taken as read.
- 2.1 Before commencing the official business of the meeting, the Chairman called on the Managing Director of the Company, Mr Lim Soo Koon ("Mr Lim"/"the MD") to give a presentation featuring an overview of Daibochi's business and products, operational highlights and plans and 2014 financial performance for the benefit of the Company's shareholders.

## MANAGING DIRECTOR'S PRESENTATION

3. The MD thanked the shareholders for their support and presence and proceeded with the following:-

3.1 Annual General Meeting Corporate Presentation ("AGM Corporate Presentation")  
The AGM Corporate Presentation encompassed the following areas:-

(i) Business and Products

Mr Lim provided a brief overview of the Company's flexible packaging business. The shareholders also had the opportunity to view the type of products supplied via the display of laminated flexible packaging materials produced by the Company.

(ii) Secured New Orders

Daibochi recorded higher exports to our existing MNC customers in South East Asia and Australia on the back of new orders secured since the 2<sup>nd</sup> half of 2013. We are also set to grow alongside our new and existing clientele's expansion in the Asia Pacific region and optimistic of our top line growth.

(iii) Increased Production Capacity

The Company's 2<sup>nd</sup> factory (DPP Plant 2) commenced operations in April 2014. With this, we have an increased total production floor space of 460,000 sq. ft. from 385,000 sq. ft. previously.

Daibochi has invested RM16 million in the new factory building as well as new machinery with higher-capacity and specifications to serve a broader clientele.

We are looking to further invest RM15 million in 2015 for new machinery at our Ayer Keroh Plant.

(iv) Improved Efficiency

We have streamlined our metalizing and film-making operations. Since 2013, we have also completed the installation of 54 units of e-Savers to optimize electricity consumption via smarter heat management.

(v) Food Safety Certifications

In 2014, Daibochi became the first F&B-based flexible packaging manufacturer in Malaysia to be certified in accordance with the Food Safety System Certification (FSSC) 22000, Version 3 2013.

Managed by the Foundation for Food Safety Certification in Netherlands, the FSSC 22000 scheme is regarded as the leading assessment framework for food safety management systems in the F&B industry globally.

(vi) Commercialization of Product Innovations

- New innovations will have multiplier effect in existing and new markets, as well as new customers. Targeted to commence in 2Q15 and 3Q15.
- In the 2nd quarter of 2015, we commercialized our in-house developed sterilisable film for a leading MNC's FMCG product in Australia.
- Targeting to commercialize our high speed sealing film in the 3rd quarter of 2015 and bi-laminated films before the end of 2015.

(vii) Awards and Recognition

The Company was awarded the Top Corporate Governance Recognition by the Minority Shareholder Watchdog Group (MSWG) in the mid-cap category, amongst companies between RM100-750 million market capitalization for the 2nd consecutive year. We are also listed among the Top 50 Companies in the Malaysian Chapter of MSWG-ASEAN Corporate Transparency Index 2014.

(viii) Financial Snapshot

Daibochi achieved a turnover of RM344.5 million and PBT of RM23.7 million in FY2014. The lower PBT was mainly due to higher raw material costs, a larger wage bill and the electricity tariff hike since early-2014. Prices of the Group's main raw material of resin (a derivative of crude oil) remained high in 2014 as they did not decline in line with crude oil prices during the second half of 2014. The larger wage bill was mainly due to the implementation of minimum wage in 2014 and the expanded headcount. The higher utilities bill was mainly attributable to the increase in tariff rate and the commencement of the Group's second production facility in Jasin, Melaka.

The Group's strategies to address the lower gross profit margin are as follows:-

- Focus on the commercialization of our higher margin innovative packaging which provides value add to our customers;
- Continue to explore other energy saving measures/initiatives in addition to the ongoing savings from our ESaver programme to reduce electricity costs; and
- Continue to invest in more automated and efficient machinery to enhance productivity.

(ix) Dividend History

Daibochi has a dividend policy to distribute 60% of net profits to shareholders. Dividends are paid on a quarterly basis.

3.2 The MD invited comments or questions from the floor.

3.3 Ms Chong Sui San ("Ms Chong"), a proxy holder for CIMSEC Nominees (Tempatan) Sdn Bhd raised the following questions, which were duly answered by Mr Lim as follows:-

- (a) Query: Daibochi is the first F&B-based flexible packaging manufacturer in Malaysia to be accredited with the FSSC 22000 certification. How much of resources were involved, the timeframe and will there be any potential advantage/difference upon obtaining this certification?

It took us approximately 1 year to receive this certification with considerable time and effort from our management team/employees and the investment amount was less than RM1 million. Food safety is a growing concern and impacts both consumers and businesses worldwide. As our packaging materials are in direct contact with food and beverages, Daibochi has been strongly encouraged by our multinational customers to obtain the FSSC 22000 certification to manage packaging related food safety issues. We believe that there is a high possibility in the near future

for MNCs to make it a mandatory requirement for their suppliers to be accredited with the FSSC 22000 and a gap may exist between flexible packaging manufacturers which have this certification and those which have not obtained the same. We are positive that this certification will continue to significantly increase our customers' confidence and help us stay competitive in the industry.

- (b) Query: Daibochi has "good technology" and has been producing new and innovative products. Why has this not contributed to an increase in margin?

The MD informed that the development of new features/properties in MNCs packaging requirements is a gradual process and various testing procedures and precautionary measures are undertaken before changes are implemented. Furthermore, the initial percentage of such new products to our total turnover is not very significant as it takes time to build up for the change to be meaningful.

- 3.4 Mr Mah Siew Wai, a proxy holder for HSBC Nominees (Asing) Sdn Bhd raised the following questions and these were duly replied by Mr Lim as follows:-

- (a) Query: Would customers still prefer larger packaging manufacturers e.g. Amcor Ltd over us despite the FSSC 22000 certification?

Mr Lim informed that we should be able to continue securing orders from our existing and new customers so long as we meet their packaging requirements. Mr Lim added that since Amcor has many plants in different regions, they have an advantage in supply logistics.

- (b) Query: How does the competitive environment in the region affect Daibochi?

MNCs requirements/standards are continuously increasing and they are sourcing for reliable and trusted suppliers who can provide quality and innovative products on a timely basis with cost savings to them. Daibochi has consistently maintained its standards of quality products throughout the years. Additionally, we constantly focus on our research and development activities to supply innovative packaging products which provide value add to our customers. We are optimistic that this would give us a competitive edge over other manufacturers.

- (c) Query: The Company continues to invest in more automated and efficient machinery to enhance productivity. Have you looked into the utilization factor?

Daibochi is mindful of not over investing and only pursues strategic investment to ensure operational efficiency.

- 3.5 Mr Keh Yeow Hwee ("Mr Keh"), a shareholder, raised a query on the cost of raw materials and whether there are any savings to Daibochi in view of the decrease in crude oil prices.

Generally, the Company is expecting a positive impact to earnings due to the downtrend in the cost of raw materials. However, the Company will not benefit fully due to the time lag in the cost pass through mechanism which is in place for our major customers.

There being no further queries on the presentation, the Chairman then proceeded with the following:

#### AGENDA ITEM 1

4. The audited financial statements for the year ended December 31, 2014 together with the Reports of the Directors ("Reports") were presented to the shareholders.

4.1 The Chairman informed the Meeting that the Company received a letter dated May 27, 2015 in relation to the 42nd Annual General Meeting ("AGM") from the MSWG and had replied to the issues raised vide its letter dated June 2, 2015. Mr Low Jin Wei, an Executive Director of the Company, projected and presented the replies in response to the issues raised by MSWG for the benefit of the members.

4.2 Mr Shahnul Niza (corporate representative from MSWG) commended the Company on its comprehensive answers to MSWG's letter. Mr Shahnul Niza then raised the following queries which were duly replied by Mr Lim as follows:-

(a) Query: The Group has a new revenue stream from Daibochi New Zealand Ltd. What are the Group's plans in New Zealand and are there any further updates in Australia?

The MD explained that the incorporation of Daibochi New Zealand is for purposes of importing and marketing flexible packaging materials in New Zealand, particularly in relation to our MNC customer's New Zealand business. Australia is the home base of one of the world's largest flexible packaging manufacturer, Amcor. We have been making considerable progress in Australia, particularly with our high-speed film which allows for increased output per minute.

(b) Will the weakening of the Malaysian currency have any impact on the price of raw materials sourced from overseas suppliers (USD1 = MYR3.78)?

Mr Lim informed that transaction exposures from raw materials purchased in USD will not pose a significant impact to the Group's performance as we have a natural currency hedge as we are also exporting in USD.

We are also mindful of the impact of the weakening of the Malaysian Ringgit which has affected our foreign workers as the value of money remitted to their home country in USD has decreased. Thus, we have not been able to retain some skilled foreign workers who do not renew their employment contracts as they seek employment in other countries.

4.3 The members present did not require any further clarification on the said financial statements and Reports and the said financial statements and Reports were duly received by the shareholders.

The Chairman declared his interest as a Non-Executive Director in Agenda Item 2 and invited Datuk Wira Wong Soon Lim to conduct the proceedings.

#### AGENDA ITEM 2

5. The resolution to approve the payment of Directors' fees of RM116,000 for the year ended December 31, 2014, having been duly proposed and seconded was passed.

The Chairman resumed conduct of the Meeting.

#### AGENDA ITEM 3

6. The resolution to re-elect Mr. Lim Soo Koon who retired under Article 103 of the Company's Articles of Association, having been duly proposed and seconded was passed with 1 shareholder appointing the Chairman as proxy abstaining from voting in respect of this resolution.

#### AGENDA ITEM 4

7. The resolution to re-elect Ms. Caroline Ang Choo Bee, who retired under Article 103 of the Company's Articles of Association, having been duly proposed and seconded was passed with 1 shareholder appointing the Chairman as proxy abstaining from voting in respect of this resolution.

#### AGENDA ITEM 5

8. The resolution to appoint retiring auditors, Messrs SJ Grant Thornton as Auditors of the Company and to authorise the Directors to fix their remuneration, having been duly proposed and seconded was passed.

The Chairman declared his interest in Agenda Item 6 and invited Datuk Wira Wong Soon Lim to continue with the proceedings of the Meeting.

#### AGENDA ITEM 6

9. The resolution to retain Mr P.James Edwin A/L Louis Pushparatnam as an Independent Non-Executive Director of the Company and to hold office until the conclusion of the next AGM pursuant to the Malaysian Code on Corporate Governance 2012, having been duly proposed and seconded was passed. 1 shareholder appointed the Chairman as proxy and abstained from voting in respect of this resolution, whilst MSWG and another shareholder appointing the Chairman as proxy voted against this resolution.

The Chairman resumed conduct of the Meeting.

#### AGENDA ITEM 7

10. The following ordinary resolution had been duly proposed and seconded:-

"THAT, subject to the provisions of Section 132D of the Companies Act, 1965, 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."

- 10.1 The meeting passed the said resolution with 2 shareholders appointing the Chairman as proxy voting against this resolution.

#### AGENDA ITEM 8

11. The following ordinary resolution, having been duly proposed and seconded was passed:-

"THAT, subject always to the Companies Act, 1965 ("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 Securities") and any other relevant authority, the Company be and is hereby authorised to purchase such amount of ordinary shares of RM1.00 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities 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 of RM1.00 each in the Company which may be purchased and/or held by the Company shall not exceed ten percent (10%) of the total issued and paid-up share capital of the Company as quoted on Bursa Securities as at the point of purchase, subject to a restriction that the issued and paid-up share capital of the Company does not fall below the applicable minimum share capital requirement of the Listing Requirements of Bursa Securities;
- (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 and/or share premium account;
- (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 Securities 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, the Listing Requirements of Bursa Securities 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."

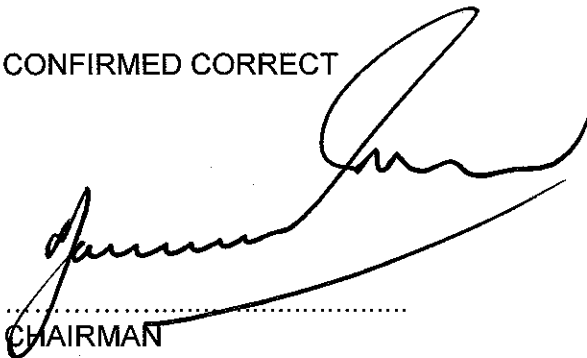
#### AGENDA ITEM 9

12. There was no other business to be transacted as the Company had not received any notice for transaction of any other business at the Meeting.

#### TERMINATION

13. The Chairman thanked the members for their presence and support. The meeting ended at 12.30 p.m. with a vote of thanks to the Chair.

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CHAIRMAN