

MINUTES OF THE FORTY THIRD (43RD) ANNUAL GENERAL MEETING (“AGM”) OF DAIBOCHI PLASTIC AND PACKAGING INDUSTRY BHD HELD AT BUNGA MELATI, 7<sup>TH</sup> FLOOR, RAMADA PLAZA MELAKA, JALAN BENDAHARA, 75100 MELAKA ON THURSDAY, MAY 26, 2016 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 Geoff Jin Wei  
Mr Heng Fu Joe  
Ms Caroline Ang Choo Bee  
1 corporate representative  
11 members present in person  
8 proxy holders present  
12 shareholders appointed the Chairman as proxy holder
- BY INVITATION: Ms Julia Pong (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 AGM/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 that Mr Ng Chee Hoong and Mr Hooi Kok Mun, representatives from Messrs SJ Grant Thornton (Daibochi's external auditors) were present to attend to any queries that the shareholders may have on the Group's audited financial statements.
- 1.3 The Chairman informed that the Company has received 22 proxy forms and a letter from the Minority Shareholder Watchdog Group (“MSWG”) appointing a corporate representative. 12 shareholders have appointed the Chairman as proxy.
- 1.4 In line with the Company's commitment towards promoting good corporate governance, the Chairman informed that he will be exercising his right to demand for poll in respect of all resolutions in accordance with the Company's Articles of Association.
- 1.5 The Chairman briefed the members on the poll voting process as follows:
  - (a) The personalized voting slip printed with the name, ID number and the number of shares represented has been issued to the shareholders/proxy holders upon registration at the Registration Counter.
  - (b) The shareholders/proxy holders need to indicate their vote by putting a cross “x” in the appropriate box for the respective resolution and sign the voting slip.

- (c) If the person is a proxy and the shareholder who appoints him/her has indicated in his/her proxy form how the proxy holder should vote on his/her behalf, the voting slip would have been filled up according to the voting instruction given. All the proxy holder needs to do is to sign the voting slip.
  - (d) Once the shareholder/proxy holder has completed casting the vote in the voting slip, they are required to drop the slip into the ballot box. The scrutineer will be walking around with the ballot box to collect the voting slip.
  - (e) The Share Registrar, Tricor Investor and Issuing House Services Sdn Bhd will act as official scrutineers to conduct the polling process and verify the results of the poll.
- 1.6 Members were informed that they may exercise their right to vote upon deliberation of each resolution or after all resolutions have been dealt with. Voting slips will be collected by the Share Registrar upon completion of deliberation of all items on the agenda.

### NOTICE OF MEETING

2. The Chairman informed that the Notice convening the AGM has been advertised in the newspapers and the abridged AGM notice, CD (with annual report) and share buyback statement have been circulated to all shareholders. 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 of the Company, Mr Lim Soo Koon ("MD") to give a Corporate Presentation featuring an overview of Daibochi's business and products, operational and corporate highlights, growth strategies and 2015 financial performance.

### 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:
- (a) Business and Products  
The MD provided a brief overview of the Company's flexible packaging business. The laminated flexible packaging materials were displayed at the Meeting to enable shareholders to view the nature of products supplied by Daibochi.
  - (b) 2015 Financial Performance  
The Group recorded turnover of RM345 million and PBT of RM26.7 million in FY 2015. Overall sales would have been better if not for the slower domestic sales post implementation of the GST. Total exports increased 6% year on year to RM181.2 million, compared to RM171.4 million in FY 2014. Higher exports to MNCs were recorded in South East Asia as well as the Australia and New Zealand ("ANZ") markets. As a result, export contribution rose to 53% of total group revenue in FY 2015 (FY 2014: 50%).
  - (c) Product Innovations  
2 new product innovations were commercialized for our MNC customers in FY 2015.  
  
Our customers continued to face tremendous cost pressures and had requested for laminates that perform at the highest possible speed. In responding to their needs to improve productivity, we managed to develop films that can pack at high speed and thus increase output significantly.

(d) Growth Strategies

(i) Delivering on New Orders

Daibochi is on track to commence delivery for our new F&B and FMCG contracts for MNCs in the ANZ markets in 2Q16 and 3Q16. Local sales are expected to be stable in FY 2016. Domestic sales in 1Q16 increased by about 12% q-o-q, which is the first double-digit expansion since the GST came into effect in April 2015.

(ii) RM20 Million Investment to Expand Facilities

Phase 2 expansion of Daibochi Plastic Plant 2 is expected to be completed in October 2016 and will increase our total production floor space to 525K sq. ft. from 460K sq. ft. previously. A new printer and bagging machine have been commissioned in 1Q16 and a new blown film machine is expected to arrive in August 2016.

(iii) Improving Operational Efficiency

We are continuously improving productivity and product quality through higher quality machinery, components and processes. These are expected to mitigate labour-related challenges i.e. freeze on the intake of foreign workers, levy and challenges in sourcing/retaining local talent and increasing operating costs.

(e) Awards and Recognition

For the 3rd consecutive year, Daibochi clinched the MSWG Merit Award for Top Corporate Governance and Performance in 2015 for companies with market capitalization of between RM300 million to RM1 billion. We are also listed among the Top 100 Companies in the Malaysian Chapter of the MSWG-ASEAN Corporate Transparency Index 2015. These achievements reaffirm our commitment towards maintaining good corporate governance and transparency.

(f) Dividend Policy

Daibochi has a dividend policy to distribute 60% of net profits to shareholders. Dividends are paid on a quarterly basis. In FY 2015, Daibochi paid 4 interim dividends amounting to 5.87 sen per share or RM16.04 million in total pay-outs. A 1<sup>st</sup> interim single-tier dividend of 1.45 sen was declared in respect of FY 2016 amounting to RM4 million pay-out, payable on June 10, 2016.

3.1 The MD invited comments or questions from the floor. There being no queries on the presentation, the Chairman then proceeded with the Agenda items.

AGENDA ITEM 1

**4. RECEIPT OF AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS (“REPORTS”)**

4.1 The audited financial statements for the year ended December 31, 2015 together with the Reports were presented to the shareholders.

4.2 The Chairman informed that Daibochi had received a letter in relation to the AGM from MSWG and had replied to these queries. The Chairman read the queries whilst Mr Low Geoff Jin Wei presented the replies, which were projected onto the screen, for the benefit of the shareholders.

- 4.3 Mr Lee Chee Meng, (corporate representative from MSWG and shareholder) requested that Daibochi publish the replies to MSWG's queries on the corporate website. The Board agreed to publish the same for the benefit of shareholders and the investment community.
- 4.4 Mr Lee also queried whether the Company had exercised any share buy-back in FY 2015 and if the Board had considered distributing the treasury shares as share dividends to shareholders.  
The MD informed that Daibochi had exercised share buy-back in FY 2015. The purpose of the share repurchase program is to retain the repurchased shares as treasury shares and place out/sell the shares to interested institutional shareholders above cost. There is no intention to buy back the shares for the purposes of distributing them as share dividends to shareholders. Mr Lim added that the share buyback program has served the Company well through the years. Datuk Wira Wong Soon Lim informed that the monthly summary of shares repurchased and re-sold is available at the Additional Compliance Information section on page 26, paragraph (b) of the Annual Report. Datuk Wira Wong Soon Lim added that there were 693,000 shares repurchased during FY 2015.
- 4.5 As there were no further clarifications, the said financial statements and Reports were duly received by the shareholders.

*The Chairman declared his interests in Agenda Items 2, 3 and 6 and invited Datuk Wira Wong Soon Lim to conduct the proceedings.*

#### AGENDA ITEM 2

##### **5. RESOLUTION 1 - APPROVAL OF DIRECTORS' FEES**

- 5.1 The resolution on the approval of Directors' fees amounting to RM126,000 for the year ended December 31, 2015 was duly proposed and seconded.
- 5.2 Datuk Wira Wong Soon Lim informed that based on the proxy forms received, the voting summary is as follows:  
Voted for - 17,744,940 shares representing 6.5% of the issued share capital  
Vote abstain - None  
Vote to decide - 2,292,560 shares representing 0.8% of the issued share capital
- 5.3 The members were informed that they may proceed to cast their votes or after the Meeting has dealt with the remaining resolutions.

#### AGENDA ITEM 3

##### **6. RESOLUTION 2 - RE-ELECTION OF DIRECTOR UNDER ARTICLE 103**

- 6.1 The resolution to re-elect Mr. P. James Edwin A/L Louis Pushparatnam was duly proposed and seconded.
- 6.2 Datuk Wira Wong Soon Lim informed that based on the proxy forms received, the voting summary is as follows:  
Voted for - 17,706,640 shares representing 6.5% of the issued share capital  
Vote abstain - 38,300 shares representing 0.01% of the issued share capital  
Vote to decide - 2,292,560 shares representing 0.8% of the issued share capital

- 6.3 The members were informed that they may proceed to cast their votes or after the Meeting has dealt with the remaining resolutions.

#### AGENDA ITEM 6

#### **7. RESOLUTION 5 – RETENTION OF INDEPENDENT DIRECTOR**

- 7.1 The resolution to retain Mr. P. James Edwin A/L Louis Pushparatnam as an Independent Director and for him to hold office until the conclusion of the next AGM was duly proposed and seconded.
- 7.2 Datuk Wira Wong Soon Lim informed that based on the proxy forms received, the voting summary is as follows:
- Voted for - 17,706,640 shares representing 6.5% of the issued share capital  
Vote abstain - 38,300 shares representing 0.01% of the issued share capital  
Vote to decide - 2,292,560 shares representing 0.8% of the issued share capital
- 7.3 The members were informed that they may proceed to cast their votes or after the Meeting has dealt with the remaining resolutions.

*The Chairman resumed conduct of the Meeting.*

#### AGENDA ITEM 4

#### **8. RESOLUTION 3 - RE-ELECTION OF DIRECTOR UNDER ARTICLE 103**

- 8.1 The resolution to re-elect Datuk Wira Wong Soon Lim was duly proposed and seconded.
- 8.2 The Chairman informed that based on the proxy forms received, the voting summary is as follows:
- Voted for - 17,706,640 shares representing 6.5% of the issued share capital  
Vote abstain - 38,300 shares representing 0.01% of the issued share capital  
Vote to decide - 2,292,560 shares representing 0.8% of the issued share capital
- 8.3 The members were informed that they may proceed to cast their votes or after the Meeting has dealt with the remaining resolutions.

#### AGENDA ITEM 5

#### **9. RESOLUTION 4 - RE-APPOINTMENT OF AUDITORS**

- 9.1 The resolution to re-appoint retiring Auditors, Messrs SJ Grant Thornton as Auditors of the Company for the financial year ending December 31, 2016 and to authorise the Directors to fix their remuneration was duly proposed and seconded.
- 9.2 The Chairman informed that based on the proxy forms received, the voting summary is as follows:
- Voted for - 17,744,940 shares representing 6.5% of the issued share capital  
Vote abstain - None  
Vote to decide - 2,292,560 shares representing 0.8% of the issued share capital

- 9.3 The members were informed that they may proceed to cast their votes or after the Meeting has dealt with the remaining resolutions.

**AGENDA ITEM 7**

**10. RESOLUTION 6 – AUTHORITY TO ALLOT SHARES**

- 10.1 The resolution to authorise the Directors to allot shares pursuant to Section 132D of the Companies Act 1965 was duly proposed and seconded.
- 10.2 The Chairman informed that based on the proxy forms received, the voting summary is as follows:  
 Voted for - 5,195,780 shares representing 1.9% of the issued share capital  
 Voted against – 1,090,840 shares representing 0.4% of the issued share capital  
 Vote abstain - 11,458,320 shares representing 4.2% of the issued share capital  
 Vote to decide - 2,292,560 shares representing 0.8% of the issued share capital
- 10.3 The members were informed that they may proceed to cast their votes or after the Meeting has dealt with Agenda Item 8.

**AGENDA ITEM 8**

**11. RESOLUTION 7 – RENEWAL OF SHARE BUY-BACK AUTHORITY**

- 11.1 The resolution to renew the share buy-back authority was duly proposed and seconded.
- 11.2 The Chairman informed that based on the proxy forms received, the voting summary is as follows:  
 Voted for - 17,744,940 shares representing 6.5% of the issued share capital  
 Vote abstain - None  
 Vote to decide - 2,292,560 shares representing 0.8% of the issued share capital

**POLLING PROCESS**

12. The shareholders/proxy holders completed their poll voting process. The meeting was then adjourned for 20 minutes for the counting of votes by the scrutineers.

**ANNOUNCEMENT OF POLL RESULTS**

13. The Chairman called the Meeting to order at 12.30p.m. for the declaration of results as follows:

**13.1 RESOLUTION 1 - APPROVAL OF DIRECTORS' FEES**

<b>For</b>		<b>Against</b>		<b>Total Votes</b>		<b>Abstain</b>
No. of units	%	No. of units	%	No. of units	%	No. of units
59,755,668	100	0	0	59,755,668	0	37,008

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

“THAT, the Directors' fees for the year ended December 31, 2015 amounting to

RM126,000 be approved.”

**13.2 RESOLUTION 2 - RE-ELECTION OF DIRECTOR UNDER ARTICLE 103**

For		Against		Total Votes		Abstain
No. of units	%	No. of units	%	No. of units	%	No. of units
59,731,651	100	117	0	59,731,768	100	60,908

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

“THAT, Mr. P. James Edwin A/L Louis Pushparatnam who retired by rotation under Article 103 of the Company’s Articles of Association be re-elected as Director of the Company”.

**13.3 RESOLUTION 3 - RE-ELECTION OF DIRECTOR UNDER ARTICLE 103**

For		Against		Total Votes		Abstain
No. of units	%	No. of units	%	No. of units	%	No. of units
59,754,376	100	0	0	59,754,376	100	38,300

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

“THAT, Datuk Wira Wong Soon Lim who retired by rotation under Article 103 of the Company’s Articles of Association be re-elected as Director of the Company”.

**13.4 RESOLUTION 4 - RE-APPOINTMENT OF AUDITORS**

For		Against		Total Votes		Abstain
No. of units	%	No. of units	%	No. of units	%	No. of units
59,792,676	100	0	0	59,792,676	100	0

The Chairman declared that Resolution 4 was unanimously passed as follows:

“THAT, the re-appointment of retiring Auditors, Messrs SJ Grant Thornton as Auditors of the Company for the financial year ending December 31, 2016 and authorization to the Directors to fix their remuneration be approved.”

**13.5 ORDINARY RESOLUTION 5 – RETENTION OF INDEPENDENT DIRECTOR**

For		Against		Total Votes		Abstain
No. of units	%	No. of units	%	No. of units	%	No. of units
58,179,651	97.41	1,550,117	2.59	59,729,768	100	62,908

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

“THAT, Mr. P. James Edwin A/L Louis Pushparatnam who has served as an Independent Director of the Company for more than nine (9) years be and is hereby retained 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.”

13.6 **ORDINARY RESOLUTION 6 – AUTHORITY TO ALLOT SHARES**

For		Against		Total Votes		Abstain
No. of units	%	No. of units	%	No. of units	%	No. of units
47,243,399	97.74	1,090,840	2.26	48,334,239	100	11,458,437

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

"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."

13.7 **ORDINARY RESOLUTION 7 – RENEWAL OF SHARE BUY-BACK AUTHORITY**

For		Against		Total Votes		Abstain
No. of units	%	No. of units	%	No. of units	%	No. of units
59,792,676	100	0	0	59,792,676	100	0

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

"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 Malaysia") and any other relevant authority, the Company be and is hereby authorised to purchase such amount of ordinary shares of RM0.50 each 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 of RM0.50 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 Malaysia 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 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 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 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."

AGENDA ITEM 9

14. Upon confirming with the Company Secretary, the Chairman informed that the Company had not received any notice to transact any other business at the Meeting.

CLOSURE OF MEETING

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

CONFIRMED CORRECT

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CHAIRMAN