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Daibochi gets Myanmar nod to commence JV packaging operations

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KUALA LUMPUR: Daibochi Plastic and Packaging Industry Bhd has received regulatory approval from Myanmar for its joint-venture (JV) proposal to set up flexible packaging operations in that country.

With the approval by the Myanmar Investment Commission, Daibochi said it will proceed with the completion of the JV agreement.

"We target to officially commence operations in a month's time," Daibochi managing director Thomas Lim said in a statement yesterday.

The group's subsidiary, Daibochi Flexibles Sdn Bhd, signed a memorandum of understanding with Myanmar Smart Pack Industrial Co Ltd (MSP) last November to form a JV company called Daibochi Packaging (Myanmar) Co Ltd (DPM) to manufacture and market flexible packag-

ing within Myanmar and export the product to other countries.

Daibochi said it is investing US\$6.8 million (RM29.4 million) in DPM for a 60% controlling stake, while MSP is transferring its entire existing business and production assets, as well as workforce into DPM for the remaining 40% stake.

DPM will also invest an additional capital expenditure of US\$5.5 million via internally generated funds

over a three-year period to enhance its production capacity, quality, and efficiency. Daibochi said DPM is set to contribute significantly to its financial performance effective from the third quarter of 2017 (3Q17).

"More importantly, we are ready to commence exports from our Myanmar operations to Asean countries [from] 3Q17, complementing the Malaysian plant in covering a wider customer base. We will also expand

sales within Myanmar itself, to ride on its growing population and increasingly developing economy," said Lim.

Lim said Daibochi is also developing new product lines for DPM which will see the group supplying label packaging for a well-known beverage brand in Myanmar from 4Q17.

Daibochi's shares closed up one sen or 0.4% at RM2.53 yesterday for a market capitalisation of RM694 million.