

**SUMMARY OF KEY MATTERS DISCUSSED AT THE 47TH ANNUAL GENERAL MEETING OF DAIBOCHI BERHAD HELD FULLY VIRTUAL THROUGH LIVE STREAMING FROM THE BROADCAST VENUE AT AUDITORIUM, BANGUNAN SCIENTEX, NO. 9, PERSIARAN SELANGOR, SEKSYEN 15, 40200 SHAH ALAM, SELANGOR DARUL EHSAN ON WEDNESDAY, 16 DECEMBER 2020 AT 11.30 A.M.**

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Mr. Heng Fu Joe (the “Chairman”) chaired the 47th Annual General Meeting (“AGM”/ “Meeting”) of Daibochi Berhad (the “Company”/ “Daibochi”). The Chairman informed that with the recent resurgence of COVID-19 cases, the Company has taken a prudent approach to safeguard the health and safety of all participants by adopting a fully virtual meeting and enabling shareholders to participate via the remote participation and voting (“RPV”) facilities.

The Chairman called the meeting to order at 11.35 a.m. after confirmation of the requisite quorum being logged-in at the start of the AGM. The Notice of Meeting was taken as read. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions put to vote at the Meeting shall be decided by poll voting.

The Company has appointed the share registrar, Tricor Investor & Issuing House Services Sdn Bhd (“Tricor”) as the Poll Administrator to facilitate the poll voting and Asia Securities Sdn Bhd as the independent Scrutineer to verify the poll results. The poll was conducted electronically via the RPV facilities provided by Tricor. The voting session had commenced from 11.30 a.m. until the Chairman announced the end of voting session. The Poll Administrator briefed the shareholders on the online voting procedures through the RPV facilities.

The Chairman briefed the shareholders on the agenda of the Meeting and the abstention from voting of the interested shareholders on Resolution 11. The Managing Director, Mr. Chang Chee Siong presented the Company’s response to the following pre-submitted questions from shareholders: -

**Pre-Submitted Questions by Shareholders**

1. Will the Company consider increase in dividend policy from 30% to 60%?

Answer: As the Group looks forward long term sustainable growth, it has put in place strategies and plans to reinvest the cash generated from operations for its future growth while maintaining a steady dividend income to shareholders. We believe this balanced approach will further enhance long term stakeholder value.

2. PBT margin rose to 10.2% in FY2020 (FPE2019: 3.6%), what led to the growth?

Answer: In FY2020, the Group’s profit before tax reached a record of RM63.3 million.

The key drivers of margin improvement were from improvements in operational efficiencies through capacity expansions, reduced wastage and better inventory controls. Furthermore by joining the Scientex Group it has allowed the Company to focus its resources on converting.

The Group will continue to strive towards better operational efficiencies.

3. What is your CAPEX for FY2021? Please indicate targeted gearing levels for the Company.

Answer: We are currently undertaking a RM100 million CAPEX plan to expand our capacity by 60%. We are expecting to add more than 20 lines across printing, lamination and bag making.

This surge in capacity and capabilities will enable us to better service our customers both domestically and abroad.

In FY2020, the Group achieved positive operating cash flow of RM120 million. Despite the cash outflow from the acquisition of Mega Printing & Packaging Sdn Bhd and the CAPEX incurred, we have improved our net gearing to 0.2x. The Group will continue to be prudent and we target gearing at less than 0.5x.

4. What is the purpose and progress of your innovative and sustainable packaging R&D?

Answer: Daibochi's continuous development of innovative flexible plastic packaging solutions provide a wide range of benefits such as protection, convenience, hygiene and safety, and reduction of food wastage by extending package shelf life.

Sustainable packaging is a continuous journey with most of our major MNC's continuing on their pledge to reach sustainability goals in 2025.

With the Scientex Group, we were the first-mover in Malaysia to commercialise a mono-material solution for a local customer and we will continue to support them as they look to expand the mono-material solutions to other product categories. Our multinational customers have also commercialised several such products. There are many ongoing product developments at various stages of testing and we hope to commercialise more new products upon completion of the keeping quality tests for taste and shelf-life performance.

Following the pre-submitted questions and answers session, the Executive Director, Mr. Low Geoff Jin Wei had addressed the queries and comments from shareholders, which included the following key matters:

1. Daibochi as a converter does not take a particular position/stand in relation to the cost of raw materials. The Group's sales to MNCs are with pricing mechanisms in place and subject to regular review during the contract period. Any cost savings/increase from the cost of raw materials will be adjusted accordingly.
2. Having completed the bonus issue of shares and warrants in 2017 and with the current market capitalisation of approximately RM880 million, the Company's primary focus is to drive bottom line to improve our valuation. The Board will take into consideration of the bonus issue in future.
3. The current production running rate of the Group was about 70% and the Group has embarked on a capacity expansion to expand its capacity by 60%. This expansion initiative covering the acquisitions of printing, lamination and bagging machines will provide a boost to the Group's ability to address its customers' specific needs and positive contribution to the Group in future. Besides capacity expansion, Daibochi had completed the acquisition of Mega Printing & Packaging Sdn Bhd in August 2019 which has contributed positively to the Group.
4. The business of Daibochi Packaging (Myanmar) Company Limited has been affected as in any other industries in Myanmar by the COVID-19 pandemic but we did not experience any loss of customers during this period and Management continues to have a positive outlook towards Myanmar.
5. The Group continue to work closely with its holding company, Scientex Group and multinational customers to develop mono-material laminate solutions that are able to meet customers' requirements for sustainable packaging. The Group will continue to develop

more cost-effective laminate structures while striving to meet customers' stringent requirements in terms of the functional performance of the products.

The poll results were duly verified and confirmed by the independent Scrutineer. Based on the poll results, all the resolutions tabled at the AGM were duly passed by the shareholders.

The meeting ended at 12.15 p.m. with a vote of thanks to the Chair.