

Daibochi Plastic And Packaging
Industry Bhd. (12994-W)

Annual Report 2016





Daibochi

MISSION

To be the “Preferred Supplier Of Our Customers” and exceed customers’ expectations in product, quality, service and delivery.

VISION

To achieve superiority in services and supplies of flexible packaging materials through the following means:

- (a) Continuous Improvement in Effectiveness of Quality Management System to ensure Product Quality and Safety as well as Services that satisfy customers’ requirements.
- (b) Total Commitment to maintain the highest Quality and Safe Products and Services by everyone in Daibochi regardless of rank. We will adhere to established guidelines as stipulated by applicable regulations, statutory requirements and customers’ specified requirements.
- (c) Continuous Development and Training of all staff to develop proper attitude, aptitude and work culture to improve knowledge of Product Quality and Safety.





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Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Forty Fourth (44th) Annual General Meeting ("AGM") of the Company will be held at Bunga Melati, 7th Floor, Ramada Plaza Melaka, Jalan Bendahara, 75100 Melaka on Wednesday, May 24, 2017 at 10.30 a.m. for the following purposes:

AS ORDINARY BUSINESS:

1. To receive the audited financial statements for the year ended December 31, 2016 together with the Reports of the Directors and Auditors thereon. (Please refer to Explanatory Note on Agenda 1)
2. To approve the payment of Non-Executive Directors' ("NEDs") fees for the year ended December 31, 2016 amounting to RM88,000 (2015: RM126,000). (Resolution 1)
3. To ratify and approve the payment of the NEDs' benefits up to an amount of RM233,100 from January 31, 2017 until the next AGM of the Company. (Resolution 2)
4. To re-elect Mr. Low Chan Tian who is retiring under Article 103 of the Company's Articles of Association. (Resolution 3)
5. To re-elect Mr. Heng Fu Joe who is retiring under Article 103 of the Company's Articles of Association. (Resolution 4)
6. To re-appoint retiring Auditors, Messrs SJ Grant Thornton as Auditors of the Company for the financial year ending December 31, 2017 and to authorise the Directors to fix their remuneration. (Resolution 5)

AS SPECIAL BUSINESS:

To consider and, if thought fit, to pass the following resolutions:

7. **Ordinary Resolution**
Retention of Mr. P. James Edwin A/L Louis Pushparatnam as Independent Non-Executive Director
"THAT, Mr. P. James Edwin A/L Louis Pushparatnam who has served as an Independent Non-Executive 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 ("MCCG 2012")." (Resolution 6)
8. **Ordinary Resolution**
Authority to Issue and Allot Shares Pursuant to Section 75 of the Companies Act 2016
"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 total number of issued shares for the time being of the Company." (Resolution 7)
9. **Ordinary Resolution**
Proposed Renewal of Share Buy-Back Authority
"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."

(Resolution 8)

10. To transact any other business for which due notice shall have been given.

By order of the Board

Ms. Tan Gaik Hong, MIA 4621

Secretary

Melaka

Dated: April 28, 2017

NOTES:

1. For the purpose of determining a member who shall be entitled to attend, participate, speak and vote at this 44th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 67(b) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at May 17, 2017. Only a depositor whose name appears on the Record of Depositors as at May 17, 2017 shall be entitled to attend, participate, speak and vote at the said meeting or appoint proxies to attend, participate, speak and vote on his/her behalf.
2. A member entitled to attend, participate, speak and vote at the meeting is entitled to appoint up to two (2) proxies to attend, participate, speak and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two (2) proxies, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.
4. A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing. If the appointor is a corporation, the Form of Proxy must be executed under its Common Seal or under the hand of its officer or duly authorised attorney.
7. The instrument appointing a proxy must be deposited at the Registered Office of the Company, Kompleks Daibochi Plastic, Lot 3 & 7 Air Keroh Industrial Estate, Phase IV, 75450 Melaka not less than twenty-four (24) hours before the time appointed for holding the meeting.
8. Pursuant to Paragraph 8.29A (1) of Bursa Malaysia's Listing Requirements, all the Resolutions set out in this Notice will be put to vote by poll.

EXPLANATORY NOTES

AGENDA 1

This Agenda is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of shareholders for the Audited Financial Statements. Hence, Agenda 1 is not put forward for voting.

ORDINARY BUSINESS

(i) Resolutions 1 and 2

Section 230(1) of the Companies Act 2016 provides amongst others, that "the fees" of the Directors and "any benefits" payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

- Resolution 1 - The NEDs' fees were approved by the Board to be recommended to the shareholders for approval.
- Resolution 2 - The NEDs' benefits comprise the meeting allowance, monthly allowance, yearly Audit Committee ("AC") allowance and benefit-in-kind to the Chairman. The benefits for the NEDs are as follows:

<u>Nature of benefits</u>	<u>Chairman</u>	<u>Non-Executive Directors</u>
Meeting allowance – per meeting		
➤ Board	RM 500	RM 400
➤ Board Committees	RM 500	RM 400
Monthly allowance	RM 6,500	RM 3,000
Yearly AC allowance	RM 5,000	RM 3,000
Benefit-in-kind	Motor vehicle	Not applicable

The estimated amount of RM233,100 is derived from the total number of scheduled Board and Board Committees' meetings held/to be held from January 31, 2017 until the next AGM in 2018, monthly allowances from January 31, 2017 until April 2018, yearly AC allowance and benefit-in-kind to the Chairman.

(ii) Resolutions 3 and 4

Article 103 of the Company's Articles of Association provides that one third (1/3) of the Directors of the Company for the time being shall retire by rotation at an AGM of the Company. The Directors shall retire from office at least once in three (3) years but shall be eligible for re-election. The profiles of the Directors who are standing for re-election and information on the assessments undertaken by the Nomination Committee are stated on page 21, Section 7.19 of the Corporate Governance Statement in this Annual Report.

(iii) Resolution 5

The AC and the Board have considered the re-appointment of Messrs SJ Grant Thornton as Auditors of the Company based on the AC's Policy on the Suitability and Independence of the external auditors. Both the AC and the Board are satisfied with the suitability and independence of the external auditors and recommend the re-appointment of Messrs SJ Grant Thornton as Auditors of the Company. Please refer to pages 43 and 44, Section 2.3(a) of the Audit Committee Report in this Annual Report for the assessment undertaken by the AC.

SPECIAL BUSINESS

(i) Resolution 6

The proposed ordinary resolution 6, if passed, will allow Mr. P. James Edwin A/L Louis Pushparatnam ("Mr. James Edwin") to be retained and to continue acting as an Independent Non-Executive Director of the Company and to hold office until the conclusion of the next AGM of the Company in line with Recommendation 3.3 of the MCCG 2012.

Having considered the Nomination Committee's assessment, the Board firmly believes that Mr. James Edwin's independence is not affected by his tenure on the Board as he continues to exercise sound independent business judgement and demonstrates objectivity in the discharge of his fiduciary duties. Mr. James Edwin has the experience, calibre, qualifications and personal qualities to engage/challenge Management in a constructive manner to ensure that there is effective check and balance during Board deliberations and decision making. His extensive legal experience and understanding of the Group's business enables him to participate actively and contribute valuable insights at Board and Board Committee meetings. He maintains a professional relationship with Board members, is independent from Management and free from any business and other relationship which could interfere with his independent judgement or the ability to act in the best interest of the Company.

The Board values continuity and stability and is confident that Mr. James Edwin's integrity, proven commitment, diligence and competence will continue to add value to the Group.

Accordingly, the Board, strongly recommends retaining Mr. James Edwin as an Independent Non-Executive Director of the Company. Please refer to page 23, Sections 9.3 and 9.4 of the Corporate Governance Statement in this Annual Report for the detailed justifications.

Note: Mr. James Edwin abstained from all deliberations in relation to his retention as an Independent Non-Executive Director of the Company.

(ii) Resolution 7

The proposed Resolution 7, if passed, will give a renewed mandate to the Directors of the Company, from the date of the forthcoming AGM, to allot and issue ordinary shares from the unissued capital of the Company pursuant to Section 75 of the Companies Act 2016.

As at the date of the Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM held on May 26, 2016 which will lapse at the conclusion of the forthcoming AGM.

The Board continues to consider opportunities to broaden the operating base and earnings potential of the Company. If any of the expansion proposals involves the issuance of new shares, the Directors would have to convene a general meeting to approve the issuance of new shares.

In order to avoid any delay and costs involved in convening a general meeting to approve such issuance of shares, it is considered appropriate that the Directors be empowered, as proposed in Resolution 7, to allot and issue shares in the Company, up to an amount not exceeding in aggregate ten percent (10%) of the total number of issued shares of the Company for the time being. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

(iii) Resolution 8

The proposed Ordinary Resolution 8, if passed, will empower the Company to purchase and/or hold up to ten per centum (10%) of total number of issued shares of the Company. This authority unless revoked or varied by the Company at a general meeting will expire at the next AGM. Please refer to the Statement to Shareholders dated April 28, 2017 which is despatched together with the Annual Report 2016 for further information.

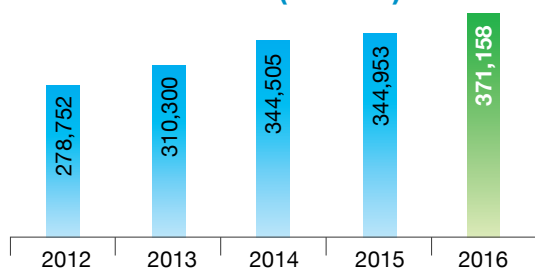
Statement Accompanying Notice of Annual General Meeting

(pursuant to Paragraph 8.27(2) of Bursa Malaysia's Listing Requirements)

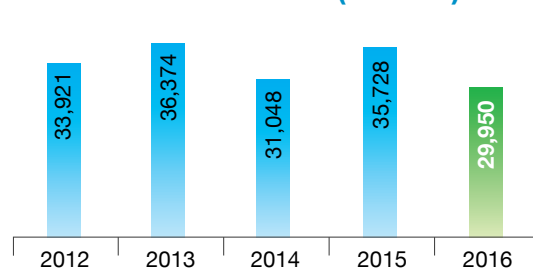
As at the date of this notice, there are no individuals who are standing for election as Directors (excluding the above Directors who are standing for re-election) at this forthcoming AGM.

Financial Highlights

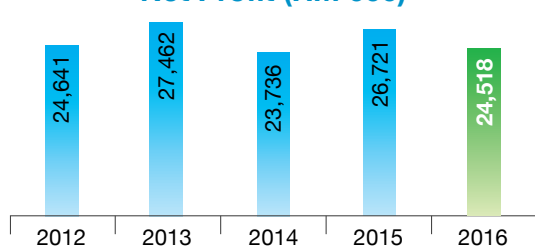
Turnover (RM'000)



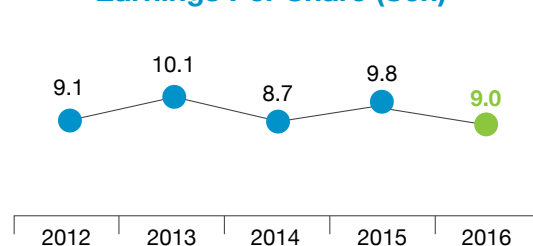
Profit Before Tax (RM'000)



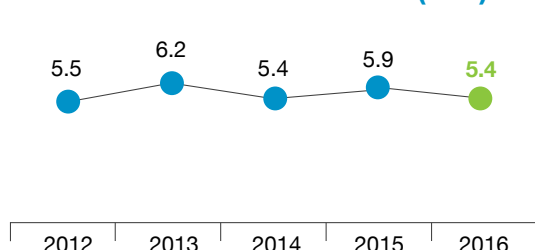
Net Profit (RM'000)



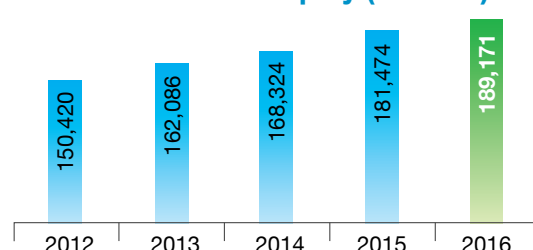
Earnings Per Share (Sen)*



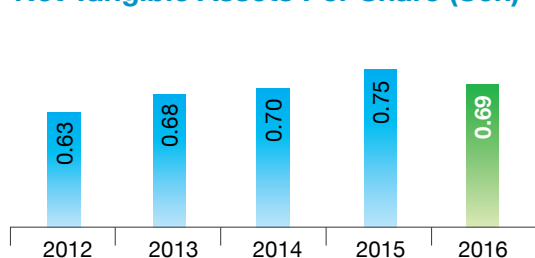
Gross Dividend Per Share (Sen)*



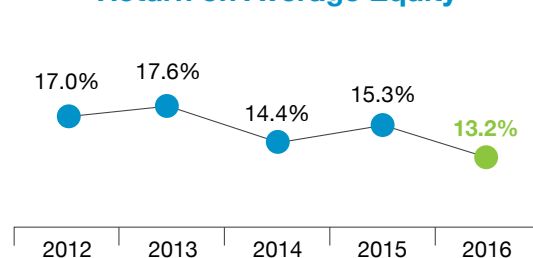
Shareholders' Equity (RM'000)



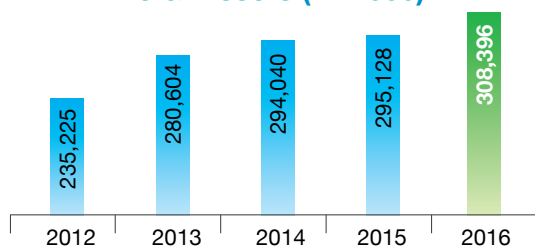
Net Tangible Assets Per Share (Sen)*



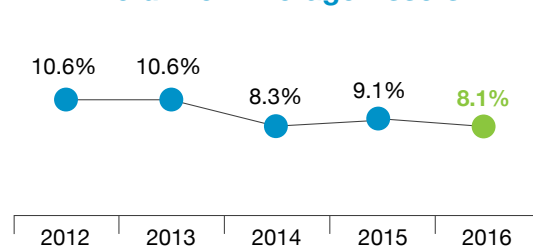
Return on Average Equity



Total Assets (RM'000)



Return on Average Assets



* The comparative figures have been adjusted to take into account the issuance of 1-for-2 bonus issue in the financial year ended December 31, 2012, as well as a 1-to-2 share split and 1-for-5 bonus issue of split shares which were completed in February 2016.

Corporate Information

BOARD OF DIRECTORS

P. James Edwin A/L Louis Pushparatnam

Chairman and Independent Non-Executive Director

Lim Soo Koon

Managing Director

Y.Bhg. Datuk Wira Wong Soon Lim

Executive Director

Low Chan Tian

Executive Director

Low Geoff Jin Wei

Executive Director

Heng Fu Joe

Independent Non-Executive Director

Caroline Ang Choo Bee

Independent Non-Executive Director

COMPANY SECRETARY

Ms. Tan Gaik Hong, MIA 4621

WEBSITE

www.daibochiplastic.com

CERTIFICATES

ISO 9001:2008
EN ISO 9001:2008
BS EN ISO 9001:2008
MS ISO 9001:2008
ISO 14001:2004
EN ISO 14001:2004
BS EN ISO 14001:2004
MS ISO 14001:2004
FSSC 22000

REGISTERED OFFICE

Kompleks Daibochi Plastic
Lot 3 & 7, Air Keroh Industrial Estate
Phase IV, 75450 Melaka
Tel No. : 06-2312746
Fax No. : 06-2328988

REGISTRARS

Tricor Investor & Issuing House Services
Sdn Bhd (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3,
Bangsar South
No. 8 Jalan Kerinchi
59200 Kuala Lumpur
Tel No. : 03-27839299
Fax No. : 03-27839222

AUDITORS

SJ Grant Thornton
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail, 50250 Kuala Lumpur
Wilayah Persekutuan
Tel No. : 03-26924022
Fax No. : 03-26915229

PRINCIPAL BANKERS

AmBank (M) Berhad
CIMB Bank Berhad
Hong Leong Bank Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
Public Bank Berhad
United Overseas Bank (Malaysia) Bhd

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market
Sector : Industrial Products
Stock Name : Daiboci
Stock Code : 8125

Board of Directors and Key Senior Management



Seated from left to right

Ms. Tan Gaik Hong (*General Manager, Corporate and Finance and Company Secretary*),
Y. Bhg. Datuk Wira Wong Soon Lim (*Executive Director*),
Mr. P. James Edwin A/L Louis Pushparatnam (*Chairman and Independent Non-Executive Director*),
Mr. Lim Soo Koon (*Managing Director*), Ms. Caroline Ang Choo Bee (*Independent Non-Executive Director*)

Standing from left to right

Mr. Low Chan Tian (*Executive Director*),
Mr. Heng Fu Joe (*Independent Non-Executive Director*),
Mr. Lai Chin Siong (*General Manager, Operations*),
Mr. Mohammad bin Hashim (*Deputy General Manager, Product Development and Technical*),
Mr. Low Geoff Jin Wei (*Executive Director*),
Mr. Chang Chee Siong (*General Manager, Marketing and Sales*)

Profile of Directors

Mr. P. James Edwin A/L Louis Pushparatnam, a Malaysian, male, aged 61, was appointed to the Board of Daibochi on February 20, 2003. He is an Independent Non-Executive Director and Chairman of the Board. He is also the Chairman of the Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee.

Mr. James Edwin holds a degree in Bachelor of Science (Hons.) in Civil Engineering from Leeds University, England and has worked as a civil engineer in the Government. He later practised as a consultant engineer before joining a reputable housing development company in Kuala Lumpur. He also holds a Bachelor of Law (Honours) degree from the University of London. He was called to the English Bar at Lincoln's Inn in 1990 and the Malaysian Bar in 1991. In that same year, he started his own practice as an advocate and solicitor of the High Court of Malaya. He is a past president of the Malaysian Institute of Arbitrators and sits on the panel of the Malaysian Mediation Centre.

He has no family relationship with any Director and/major shareholder of Daibochi and has no conflict of interest with the Company. He does not hold any other directorship in public companies and listed issuers. In the past five (5) years, Mr. James Edwin has not been convicted of any offence. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year.

Mr. James Edwin attended all the six (6) Board of Directors' meetings held during the financial year ended December 31, 2016.

Mr. Lim Soo Koon, a Malaysian, male, aged 55, was appointed to the position of Managing Director on February 1, 2005. He is also a member of the Remuneration Committee and Risk Management Committee.

He holds a degree in Bachelor of Science Industrial Engineering and Management from Oklahoma State University. He also holds a Master of Business Administration degree from Oklahoma State University. He joined the Company in 1995 and was the General Manager of the Company from 1999 before his appointment as Managing Director in February 2005. He has a wide range of experience in management, finance, marketing and business development.

Mr. Lim has no family relationship with any Director and/major shareholder of Daibochi and has no conflict of interest with the Company. He does not hold any other directorship in public companies and listed issuers. He has not been convicted of any offence in the past five (5) years. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year.

He attended all the six (6) Board of Directors' meetings held during the financial year ended December 31, 2016.

Y. Bhg. Datuk Wira Wong Soon Lim, a Malaysian, male, aged 63, was appointed to the Board of Daibochi on October 16, 1981. He is an Executive Director.

He is an accountant by training and is a member of the Malaysian Association of the Institute of Chartered Secretaries and Administrators. He has extensive experience and knowledge in the field of accounting, finance, consultancy, corporate finance, manufacturing and property development.

Datuk Wira Wong has no family relationship with any Director and/major shareholder of Daibochi and he has no conflict of interest with the Company. He does not hold any other directorship in public companies and listed issuers. In the past five (5) years, he has not been convicted of any offence. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year.

He attended five (5) of the six (6) Board of Directors' meetings held during the financial year ended December 31, 2016.

Mr. Low Chan Tian, a Malaysian, male, aged 61, was appointed to the Board of Daibochi on July 26, 1995 as an Alternate Director to the late Datuk Low Kiok Boo, a founder shareholder of Daibochi until March 28, 1998 when the late Datuk Low Kiok Boo retired from the Board. Mr. Low re-joined the Board when he was appointed as an Executive Director on March 30, 1999.

He graduated from the University of Western Australia with a Bachelor of Engineering degree. He has wide experience in manufacturing, property development, business and finance.

Mr. Low is the father of Mr. Low Geoff Jin Wei who is an Executive Director of Daibochi. He has no conflict of interest with the Company and does not hold directorship in any other public listed companies. He has not been convicted of any offence in the past five (5) years. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year.

Mr. Low attended four (4) of the six (6) Board of Directors' meetings held during the financial year ended December 31, 2016.

Mr. Low Geoff Jin Wei, an Australian, male, aged 34, was appointed to the Board of Daibochi on October 5, 2010 as an Executive Director. He is also a member of the Risk Management Committee.

He graduated from the University of Sydney, NSW, Australia with a Bachelor of Commerce (Major in Finance & Marketing). Prior to this, Mr. Low Jin Wei was the Managing Director/Project Director of GlassKote (Malaysia) Sdn Bhd from 2005 to September 2010.

Mr. Low Jin Wei is the son of Mr. Low Chan Tian who is an Executive Director and a major shareholder of the Company. He has no conflict of interest with the Company and does not hold any other directorship in public companies and listed issuers. He has not been convicted of any offence in the past five (5) years. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year.

He attended all the six (6) Board of Directors' meetings held during the financial year ended December 31, 2016.

Mr. Heng Fu Joe, a Malaysian, male, aged 36, was appointed to the Board of Daibochi on August 2, 2010. He is an Independent Non-Executive Director. He is also a member of the Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee.

He is a Chartered Accountant of the Malaysian Institute of Accountants, a fellow member of the Institute of Chartered Accountants Australia, a Chartered member of the Institute of Internal Auditors Malaysia, a CPA and an Approved Auditor with the Kampuchea Institute of Certified Public Accountants and Auditors, Cambodia. His past experience includes being the Manager of RSM Bird Cameron in Australia and a Finance Analyst of Goldman Sachs International in London, United Kingdom. Mr. Heng is currently a Partner of Baker Tilly, Malaysia.

Mr. Heng has no family relationship with any Director and/major shareholder of Daibochi and has no conflict of interest with the Company. He does not hold any other directorship in public companies and listed issuers. In the past five (5) years, he has not been convicted of any offence. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year.

He attended all the six (6) Board of Directors' meetings held during the financial year ended December 31, 2016.

Ms. Caroline Ang Choo Bee, a Malaysian, female, aged 48, was appointed to the Board of Daibochi on July 16, 2012. She is an Independent Non-Executive Director and also a member of the Audit Committee and Risk Management Committee.

She is a Chartered Accountant of the Malaysian Institute of Accountants, a fellow member of the Association of Chartered Certified Accountants, United Kingdom and an associate member of the Malaysian Institute of Chartered Secretaries and Administrators.

After obtaining the ACCA qualification, she gained extensive experience while being attached to the Audit and Corporate Recovery and Insolvency departments of Ernst & Young, Kuala Lumpur. She gained further experience in finance and business while holding the position of Accountant in Honeywell Engineering Sdn Bhd, a fully owned subsidiary of Honeywell Inc., a Fortune 100 Public Listed Company in the USA.

Ms. Caroline Ang also gained experience in the global shared services sector when she held the position of Senior Accountant in the Global Credit and Treasury Services Department of Honeywell Inc., based in Malaysia. She is currently a Partner of CW Integrated Consultancy Services, a management firm in Kuala Lumpur.

She has no family relationship with any Director and/major shareholder of Daibochi and has no conflict of interest with the Company. She does not hold any other directorship in public companies and listed issuers. She has not been convicted of any offence in the past five (5) years. There were no public sanctions or penalties imposed on her by any regulatory bodies during the financial year.

Ms. Caroline Ang attended all the six (6) Board of Directors' meetings held during the financial year ended December 31, 2016.

Profile Of Key Senior Management

Ms. Tan Gaik Hong, a Malaysian, female, aged 61, was appointed to the position of General Manager, Corporate and Finance on January 1, 2008.

She is an accountant by profession, being a fellow member of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants. She started her career with Coopers & Lybrand, Penang in 1974 and was in their Melaka office from 1977 until 1990. She has many years of working experience in the fields of accounting, auditing, secretarial and taxation.

She joined Daibochi in 1990 as the Company Secretary, a role which she is still holding currently. She has been the Head of Corporate and Finance since 1990 and oversees the corporate, financial, legal affairs, investor relations as well as treasury functions.

Ms. Tan has no family relationship with any Director and/major shareholder of Daibochi and has no conflict of interest with the Company. She does not hold any directorship in public companies and listed issuers. She has not been convicted of any offence in the past five (5) years. There were no public sanctions or penalties imposed on her by any regulatory bodies during the financial year.

Mr. Chang Chee Siong, a Malaysian, male, aged 44, was appointed to the position of General Manager, Marketing and Sales on January 13, 2014.

He holds a Master in Manufacturing and Production Management from Wawasan Open University and is a Chartered Marketer from the Chartered Institute of Marketing (UK). Mr. Chang joined the Company in 1994 and was appointed as the Head of Marketing and Sales in 2006. He has extensive experience in sales and marketing.

Mr. Chang has no family relationship with any Director and/major shareholder of Daibochi and has no conflict of interest with the Company. He does not hold any directorship in public companies and listed issuers. He has not been convicted of any offence in the past five (5) years. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year.

Mr. Lai Chin Siong, a Malaysian, male, aged 47, was appointed to the position of General Manager, Operations on January 13, 2014.

He holds a Bachelor in Accounting and Financial Management from Universiti Sains Malaysia. Mr. Lai joined Daibochi in 1996 and has been the Head of Production since 2008. He has 20 years of working knowledge and experience in the manufacturing industry.

Mr. Lai has no family relationship with any Director and/major shareholder of Daibochi and has no conflict of interest with the Company. He does not hold any directorship in public companies and listed issuers. He has not been convicted of any offence in the past five (5) years. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year.

Mr. Mohammad bin Hashim, a Malaysian, male, aged 47, was appointed to the position of Deputy General Manager, Product Development and Technical on January 13, 2014. He has held the position of Head of Product Development and Technical since 2000.

Mr. Mohammad holds a degree in Bachelor of Science (Hons.), majoring in Chemistry from University of Malaya. He joined the Company in June 1993 as a Production Executive and has been with Daibochi for 23 years. He has extensive experience in converting technology and is responsible for the development of the Company's Technical/Research and Development department, which is highly regarded by our key customers.

He has no family relationship with any Director and/major shareholder of Daibochi and has no conflict of interest with the Company. He does not hold any directorship in public companies and listed issuers. Mr. Mohammad has not been convicted of any offence in the past five (5) years. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year.

Corporate Governance Statement

The Board firmly believes that high standards of corporate governance are essential to the sustainability of the Group's business and performance. In this regard, the Board is committed to ensure that the highest levels of business integrity, professionalism and ethical conduct are observed and practiced throughout the entire Group, with the objective of realizing long-term value for all shareholders and stakeholders.

The Board is pleased to report that it had continued to practise good corporate governance in its management of the affairs of the Group during the financial year ended December 31, 2016. This Corporate Governance Statement sets out the key aspects of Daibochi's governance framework and practices with reference to the Malaysian Code on Corporate Governance 2012 ("the MCCG 2012") and Bursa Malaysia's Listing Requirements ("the MMLR").

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1. Roles and Responsibilities of the Board

- 1.1 The Board sets the "tone at the top" for the Group's governance standards by promoting a strong culture of integrity and ethical behavior. Management ensures that the corporate governance framework is implemented through well-defined policies and procedures to enhance business efficacy, performance and accountability throughout the entire organization.
- 1.2 The Company is steered by an experienced, dynamic and well balanced Board comprising of seven (7) competent professionals with diverse expertise in business, financial, engineering, legal, management, business development, accounting and property development that add value to the Group. The Board provides effective leadership by setting appropriate values and strategic direction to ensure that the objectives of the Group are achieved.
- 1.3 The Board has established clear roles and responsibilities and all Directors are expected to discharge their fiduciary duties and leadership functions objectively at all times in the interests of the Group. To this end, the Board has clearly defined matters reserved for the Board's decision, whilst those not specifically reserved for the Board and which are necessary for the day to day management of the Company are delegated to the Managing Director and the Management team to optimize operational efficiency.
- 1.4 The Board has delegated certain functions to various Board Committees, namely, the Audit Committee ("AC"), Nomination Committee ("NC"), Remuneration Committee ("RC") and Risk Management Committee ("RMC"). These Committees assist the Board in discharging its duties efficiently and have their own established charters/terms of reference in place, which are reviewed from time to time. The committees are chaired by an Independent Non-Executive Director of the Company to promote good governance and transparency. Matters within the committees' purview are subject to in-depth discussions and timely review. Findings and recommendations are reported to the Board members for their consideration. The ultimate responsibility for all decisions lies with the entire Board.
- 1.5 The Board's roles and responsibilities are as follows:
 - (a) **Review and adopt a strategic plan developed by Management**
A Strategic Plan with information on the Group's performance, financial and operational reviews/highlights, strategies, key business indicators, research and development/technology, quality control and human resource is presented to the Board on a half yearly basis. In developing the Strategic Plan, Management takes into account the sustainability of the Group's business, with attention given to the changes in the external

environment and internal developments. In 2016, the Managing Director presented the Strategic Plan, encompassing the Group's financial performance, key business opportunities, competitors' updates and operational statistics to the Board. The Board was also updated on the progress of the issues highlighted in the Strategic Plan at subsequent Board meetings. Strategies approved by the Board were conveyed by Management to the respective head of departments. The annual budget for the ensuing year was also tabled to the Board for approval.

(b) Oversee the conduct of the Company's business to determine whether the business is being properly managed

The Chairman leads the Board in overseeing Management and ensuring the orderly conduct and workings of the Board. The Managing Director focuses on the business and day-to-day management of the Company and executes policies and decisions of the Board. Management's performance is assessed by the Board via monthly management reports/accounts which are tabled to the Board. Any additional information that the Board requires is promptly supplied by Management. Key Management personnel i.e. the General Manager, Corporate and Finance, Sales and Marketing and Operations attend all Board meetings to present relevant updates and clarify issues raised by the Board. The review of the Strategic Plan, which includes the Group's performance, also enables the Board to assess Management's progress/achievement in the first half of the year and on a yearly basis. Collectively, these enable the Board to monitor and oversee Management, the Company's business and keep abreast of challenges and opportunities.

(c) Identify principal risks and ensure the implementation of appropriate internal controls and mitigation measures

The Board has established a structured process within its risk management framework for identifying, evaluating, mitigating and monitoring risks to ensure prudent risk management of the Group's business and operations. The RMC supports the Board in terms of risk governance. Details of the RMC and the Group's risk management framework are set out in Principle 6 herein and pages 36 and 37, Section 2 of the Statement on Risk Management and Internal Control ("SORMIC"). Assessments were undertaken by Management and an independent advisor during the financial year on the viability and risks associated with a new joint venture project to ensure that the Group's business objectives are met prior to approval/commitment of resources.

(d) Succession planning

The Board is committed in ensuring that all candidates appointed to the Board and Key Management are of sufficient calibre and that measures/programmes are in place to provide for orderly succession of Key Management positions in the Company. In this regard, the NC assists the Board by recommending candidates for appointment to the Board and Board Committees as well as subsidiaries of the Company. Management has internal programmes in place to identify, nurture and train employees with high potential in view of retaining the best talents to ensure the continued success and sustainability of the Group's business.

(e) Overseeing the development and implementation of a communication policy for the Company

Daibochi remains committed to delivering high standards of corporate disclosure and transparency through an open communication policy which allows the Board and Management to communicate effectively with its shareholders and other stakeholders. Details of the Company's corporate disclosure framework and practices are set out in Principle 7 herein.

(f) **Reviewing the adequacy and integrity of the Group's internal control and management information systems for compliance with applicable laws, regulations, rules, directives and guidelines**

The Board is responsible for the Group's system of internal controls and for reviewing its adequacy and effectiveness. Details of the internal control systems are available on pages 38 to 40, Section 4 of the SORMIC.

1.6 Formal matters reserved for the Board include:

(a) **Strategy and management**

The Board is responsible for the overall strategic direction of the Group, long-term objectives and goals, budget, overseeing the business and potential expansion into new business ventures.

(b) **Structure and capital**

Changes relating to the Group's capital structure, issuance of shares and share buybacks, corporate structure and listing status are subject to the Board's approval.

(c) **Finance**

Relevant policies are in place for financial authorisation limits e.g. Group's financial statements, quarterly reports, dividend policy, significant changes in accounting policies/practices and acquisition and disposal of assets exceeding RM1 million in value require the Board's approval.

(d) **Internal controls**

To ensure that there is a sound system of internal control and risk management in place.

(e) **Board membership and other appointments**

Changes to the size and composition of the Board, succession planning for the Board and Key Management, appointment and removal of the Company Secretary, appointment, reappointment and removal of the External Auditors, appointment and removal of the Internal Auditors and remuneration policy/incentives for Directors are within the Board's purview.

1.7 All matters not specifically reserved for the Board and which are necessary for the day to day management of the Company are delegated to the Managing Director and the Management team (including the Executive Directors).

1.7.1 The Managing Director's responsibilities include:

- Overseeing operations and coordinating the development and implementation of business and corporate strategies.
- Executing the policies and decisions of the Board.
- Bringing material and other relevant matters to the attention of the Board in an accurate and timely manner.
- Developing and recommending to the Board annual business plans and budgets that support the long-term strategy and vision of the Company.
- Providing strong leadership to the Management team and employees.
- Ensuring that the Company has an effective Management team and a succession plan in relation thereto.

1.7.2 Management's responsibilities include:

- Managing the Company's business in accordance with the strategies set by the Board from time to time.
- Developing and formulating business plans, budgets, strategies, business and financial objectives of the Company for the Board's approval and ensuring that they are implemented.

- Implementing the overall risk management policies of the Company, ensuring the compliance, managing those risks which could have a material impact on the Company's business and informing the Board of any material instances of non-compliance.
- Ensuring that the Board is provided with sufficient and timely information with regard to the Company's financial performance, key business indicators, material developments of the Company's business and implementation of strategies.
- Approving acquisition and disposal of assets of up to RM1 million in value.
- Formulating and implementing policies, procedures, manuals and guidelines to be adhered to by the employees of the Company.
- Determining remuneration and implementing policies for the development of employees.

2. Board Conduct

2.1 Board Charter

The Company has a Board Charter which sets out the Board's strategic intent and outlines the Board's roles and responsibilities. The Board Charter serves as a source of reference and primary induction literature to facilitate the effective discharge of the Board's duties to ensure that the Company's mission of being the "Preferred Supplier of our Customers" and vision to achieve superiority in services and supplies of flexible packaging materials are achieved. The Board Charter is reviewed, as and when deemed necessary, so as to ensure its relevance in assisting the Board to discharge its duties in accordance with the changes in corporate laws, requirements and regulations that may arise and to remain consistent with the Board's responsibilities. The Board Charter was reviewed in February 2016 and revisions were approved to provide clarity and enhance certain provisions in line with the Board's objectives. A copy of the Board Charter is available on the Company's corporate website at www.daibohiplastic.com.

2.2 Code of Ethics, Code of Conduct and Whistle-Blowing Policy

2.2.1 The Directors observe ethical values based on a *Code of Ethics* which is in accordance with the Company Directors' Code of Ethics established by the Companies Commission of Malaysia. The *Code of Ethics* is based on principles of sincerity, integrity, accountability and social responsibility.

2.2.2 The Company's *Code of Conduct* governs the standards of ethics and good conduct expected of Directors and employees respectively, premised on the principles of honesty and integrity. The five principles making up the *Code of Conduct* are as follows:

- Daibochi complies with laws, rules and regulations;
- Daibochi conducts its business with honesty and integrity;
- Daibochi treats its employees fairly, with dignity and respect;
- Daibochi's employees act in the best interest of the Company; and
- Daibochi conducts its business in an environmentally responsible manner.

The Board shall review the *Code of Conduct*, as and when deemed necessary; to ensure that it remains consistent with Daibochi's commitment to establish a corporate culture with ethical values that permeates throughout the Company. A summary of the *Code of Conduct* is available on the Company's website at www.daibohiplastic.com.

2.2.3 The Board has also established a *Whistle-Blowing Policy* to provide an avenue for employees and stakeholders to report in good faith, genuine concerns about unethical behaviour and improper conduct within the Company without fear of reprisal. Employees and stakeholders who reasonably and in good faith believe that malpractices exist within the Company are able to report their concerns to the AC Chairman or the Independent Non-Executive Directors. The *Whistle-Blowing Policy* which is available

on the Company's website at www.daibohiplastic.com was revised in May 2016 to further enhance the internal control system and procedures. The Board is pleased to report that the Independent Non-Executive Directors did not receive any concerns/complaints of any malpractices that exist within the Company via the Company's whistle blowing channel during the financial year.

2.3 Related Party Transaction

The Board, through its AC, reviews related party transactions ("RPT"), recurrent related party transactions ("RRPT") and possible conflict of interest ("COI") situations on a quarterly basis. This is to ensure that transactions are undertaken in the best interest of the Company or Group, fair, reasonable, on normal commercial terms and not detrimental to the interest of the minority shareholders. A Director who has an interest in a transaction must abstain from deliberating and voting on the relevant resolution, in respect of such transaction at the meeting of the Board and at the general meeting convened to consider the said matter. There were no significant RPTs, RRPTs and COI situations arising within the Company or Group, including any transaction, procedure or course of conduct that raises questions of Management integrity during the financial period under review.

2.4 Insider Trading

Directors and principal officers of the Company who have access to material/inside information which has not been disclosed to Bursa Malaysia and the investing public are prohibited from dealing in the Company's securities while in possession of this information. The Company Secretary will advise the Directors and principal officers on trading restrictions i.e. dealings during open and closed periods in accordance with the MMLR.

3. Strategies promoting sustainability

The Board recognizes that building a sustainable business is integral to the Group's long term business growth. To this end, the Board ensures that the Company's strategies and policies promote sustainability by providing innovative products for our customers and keeping up with ethical, governance, ecological, economic and social concerns. Please refer to the Group's Corporate Social Responsibility Statement on pages 31 to 35 for details of the Group's sustainability activities focusing on environment, social and governance matters for the year under review.

4. Access to information and advice

- 4.1 Directors have access to all information pertaining to the Group and may seek clarification from the Management and Company Secretary in the furtherance of their duties. Procedures are also in place in the Board Charter for the Board/individual Director to seek independent professional advice at the Company's expense, if necessary. The Board or the individual Director shall inform the Company Secretary prior to engaging an independent professional adviser. The engagement shall be subject to the Chairman or Independent Director's approval depending on the quantum of fees involved. The independent professional advice shall be circulated to all Board members as soon as it is available. Neither the Board nor the individual Directors sought independent professional advice during the financial year under review.
- 4.2 Board meetings are structured with a pre-set agenda. The agenda and the Board papers are circulated to Directors on a timely basis to ensure that they are fully apprised of matters arising to enable them to effectively discharge their responsibilities. Any additional information requested by Directors will be made available. The Board also has a formal schedule of matters reserved to it for deliberation and decision such as the approval of annual and interim results, major capital expenditure and investments, budgets, strategic issues affecting the business of the Group, corporate policies and procedures and corporate plans.

- 4.3 In addition, on important matters which require the Board's decisions, prior briefings, if necessary, are provided or conveyed by Executive Directors to other Board members to ensure full knowledge and understanding, thus enhancing the members' comprehension of Board papers before deliberations. External advisors may be invited to attend Board meetings to advise and/or furnish the Board with professional insight, information and clarification needed on relevant items on the agenda. The Board also receives briefings from Management at every Board meeting pertaining to the operational and financial performance of the Group, updates on the Group's competitors and industry developments. These enable Directors to make a balanced and informed assessment of matters, developments in the industry, opportunities and challenges faced by the Group to arrive at a considered decision.
- 4.4 The Board is briefed by the Company Secretary and Management on all material announcements prior to approval and release to Bursa Malaysia.
- 4.5 All proceedings/minutes of the Board and committee meetings are prepared in a timely manner and reflect the decision making process of the Board appropriately. Minutes of Board meetings are circulated to all Directors for their perusal prior to confirmation of the minutes at the following Board meetings and are signed by the Chairman in accordance with the Company's Articles of Association ("Articles"). Minutes of the AC's proceedings are also circulated to all Board members for notation.

5. Qualified and Competent Company Secretary

The Directors have access to the advice and services of a qualified, experienced and competent Company Secretary to enable them to discharge their duties effectively. The Board acknowledges the fact that the Chairman is entitled to the positive support of the Company Secretary in ensuring the effective functioning of the Board. The Company Secretary attends all Board meetings and assists the Chairman and Directors in the conduct of meetings and in the discharge of their governance obligations and responsibilities. The Company Secretary also ensures that all necessary information is obtained from Directors e.g. in relation to RRPT, RPT and COI matters and dealings in the Company's shares, both for the Company's own records and for the purposes of meeting statutory and other regulatory requirements. In order to play an effective advisory role to the Board, the Company Secretary always keeps abreast with the latest regulatory changes, evolving industry development and best practices in corporate governance, through continuous training. The appointment and removal of the Company Secretary are within the purview of the Board. The Board is satisfied with the performance and support rendered by the Company Secretary to the Board.

PRINCIPLE 2: STRENGTHEN COMPOSITION

6. Board composition and balance

- 6.1 The current Board has seven (7) members, comprising four (4) Executive Directors and three (3) Independent Non-Executive Directors (including the Chairman). Collectively, the Board members bring insightful depth, maturity and diversity of perspectives to the leadership and management of the Group. A brief profile of each Director is presented on pages 9 to 11 of the Annual Report.
- 6.2 The balance in the Board is fortified by the presence of three (3) Independent Non-Executive Directors who bring strong independent judgment, knowledge, skills and experience to Board deliberations during the decision making process. The Independent Non-Executive Directors ensure that the interests of the minority shareholders and other stakeholders are given due consideration in discussions of the various issues and matters affecting the Group. There is no individual Director or group of Directors who dominates the Board's decision making.

7. Nomination Committee

- 7.1 The NC was set up on December 14, 2000. The NC's authority and duties are governed by its written terms of reference, which is available on the Company's corporate website at www.daibochiplastic.com. The members of the NC which comprise exclusively of Independent Non-Executive Directors are as follows:
Mr. P. James Edwin A/L Louis Pushparatnam (Chairman)
Mr. Heng Fu Joe

- 7.2 The NC carries out assessments/evaluations via questionnaires on the Board's composition and balance, effectiveness of the Board as a whole, the Board Committees, performance of each individual Director, assessment of independence of the Independent Directors and Board diversity for the financial year under review.

Appointments to the Board and selection criteria

- 7.3 The NC adheres to a formal and transparent procedure for the nomination and appointment of new Directors before submitting its recommendation for the Board's decision. Prospective candidates are identified from a number of sources, including but not limited to Directors' or Management's contacts/recommendations. The NC seeks for suitable candidates from diverse professional and business backgrounds who have the character, qualifications, experience, integrity, competence and time to effectively discharge his/her role as a Director.
- 7.4 All appointments to the Board are based on merit whilst taking into account the suitability for the role, Board balance and composition, the required mix of skills and professional background. The NC also gives due consideration to age, gender, ethnicity and experience and ensures that potential candidates comply with the provisions of the MMLR and the MCCG 2012 to augment diversity in the Boardroom. Any potential conflicts of interest are also taken into consideration in the NC's selection criteria.
- 7.5 In the case of an Independent Director, the NC will also assess the suitability of the candidate based on the definition of independence in the MMLR and whether the candidate can bring independent and objective judgment to Board deliberations.
- 7.6 The NC meets with the prospective candidate, if required, to ascertain the candidate's suitability for appointment as a Board member. The prospective/shortlisted candidate's profile and the NC's recommendation will then be submitted to the Board for approval. The NC will arrange for the Board members to meet the prospective candidate if requested by the Board.

Assessments by the NC and its criteria in respect of the Board and Board Committees, Directors and Board Committee members

- 7.7 The Board has implemented an annual assessment process for the NC to carry out the required assessments of the Board and Board Committees, Directors and Board Committee members. The Board's assessment process involves having the Directors complete questionnaires, which will then be collated by the Company Secretary and forwarded to the NC members for their evaluation and sharing with the Board members.
- 7.8 The elements of the questionnaires for assessing Board effectiveness encompass the Board's mix and composition, including whether the Board has the right blend of knowledge and experience to optimize performance, quality of information and decision making, matters discussed in accordance with roles and responsibilities, Chairman's ability to lead the Board effectively and understanding of respective roles by the Chairman and the Managing Director.

- 7.9 The assessment of the effectiveness of the Board Committees includes its composition, assistance provided to the Board in better decision making, whether the members have sufficient and relevant expertise in discharging their responsibilities, their attendance at meetings and whether communications to the Board are of sufficient quality and provided on a timely basis.
- 7.10 The assessment of individual Directors are based on their attendance at Board/Board Committee meetings, contribution/participation in Board meetings, industry and business knowledge, expertise, commitment, dedication and value that they bring to the Board.
- 7.11 Having considered the annual assessment undertaken by the NC, the Board is satisfied that the current composition and size of the Board is well balanced and commensurate with the scale and nature of the Group's business. The current Board has an appropriate mix of Directors with experience, expertise, stature, academic qualifications and who collectively possess the necessary core competencies to lead and govern the Group effectively. The number of Board members is conducive for efficient deliberations at Board meetings and effective decision-making. The Board members also have devoted sufficient time to undertake their duties to contribute to the development of the Group strategy and the performance of its business. The Board has also considered the NC's assessment of the Board Committees and is of the opinion that these committees are operating efficiently and effectively in assisting the Board. The members of these committees have sufficient knowledge, skills and expertise in fulfilling their roles and responsibilities.
- 7.12 The Board regards succession planning as an important aspect of corporate governance. In this regard, the Board is focused in ensuring that individuals with appropriate skills and experience are appointed to the Board to ensure continuity as well as progressive and orderly renewal of the Board in achieving the Group's vision and mission.
- 7.13 The Board is cognizant that a diversified Board with an effective combination of skills, expertise, gender, age and ethnicity would offer different viewpoints, insights, innovative solutions and ideas that are beneficial to the Group. The NC is guided by the *Board Diversity Policy* established in 2016 in ensuring that equal opportunity is provided and that no person is discriminated against on grounds of age, ethnicity, gender, religion and marital status in its recruitment and succession planning process.
- 7.14 The Board acknowledges the role that women with the right competencies and skills can play in contributing to diversity of perspective in the Boardroom. Accordingly, the NC duly considers gender diversity in identifying, evaluating and recommending appointments to the Board.
- 7.15 Currently, Ms. Caroline Ang Choo Bee, an Independent Non-Executive Director is the female Director of the Company. There is also strong representation of women at Management level in the Company in accordance with our *Workplace Diversity Policy* established in 2016. The Board is of the view that gender is but one aspect of diversity and whilst it is important to promote gender diversity, the selection criteria based on an effective blend of competencies, skills, extensive experience and knowledge should remain a priority. Therefore, the Board has not set targets for gender diversity. The Board will continue to actively take the necessary measures, through the NC, towards promoting gender diversity and appointing the best qualified person based on merit when changes in the Boardroom are contemplated.
- 7.16 The Board through the NC, reviewed the proportion of the female to male Board members during the annual assessment of the Directors' performance taking into consideration the appropriate skills, experience and characteristics required of the Board members, in the context of the needs of the Group. The Board concurs with the NC that its current composition, with a combination of diverse personalities, skills, expertise and core competencies provides a range of perspectives and is conducive for quality decision making.

- 7.17 In accordance with the Company's Articles, all newly appointed Directors are subject to re-election by the shareholders at the first Annual General Meeting ("AGM") after their appointment. Article 103 of the Company's Articles requires one-third of the Directors, or the number nearest to but not less than one-third, to retire by rotation at every AGM.
- 7.18 The performance of the Directors who are subject to re-election and re-appointment at the AGM of the Company will be reviewed and assessed by the NC. Performance criteria include factors such as Directors' candour, attendance, participation and contribution at Board and Board Committee meetings. The NC will then submit its recommendations on the proposed re-election and re-appointment to the Board for approval before tabling the proposals to the shareholders of the Company at the AGM.
- 7.19 Mr. Low Chan Tian and Mr. Heng Fu Joe are due for re-election pursuant to Article 103 of the Company's Articles at the forthcoming AGM and have expressed their intention to seek re-election at the forthcoming AGM. Having considered the review by the NC, the Board is satisfied that Mr. Low Chan Tian and Mr. Heng Fu Joe have met the Board's expectations and exemplified their commitment as reflected by their professional conduct and valuable contributions to the Board. Mr. Low Chan Tian, an Executive Director of the Company since March 30, 1999, has extensive experience in manufacturing, property development, business and finance and has contributed constructively at Board meetings. Mr. Heng Fu Joe, an Independent Non-Executive Director since August 2010, has wide experience in accounting and finance and has demonstrated independent and objective judgment to Board deliberations to ensure sufficient check and balance. Both Directors have also allocated sufficient time and attention to the affairs of the Company and have carried out their fiduciary duties professionally. Hence, the Board with the abstention of the two (2) Directors, unanimously recommends that the shareholders vote in favour of the re-election of the above Directors at the Company's AGM. To assist the shareholders in their decisions, sufficient information such as personal profile and attendance at meetings of each Director are furnished in this Annual Report.

8. Directors' Remuneration

- 8.1 The RC was formed on December 14, 2000 and is responsible for setting the framework and making recommendations to the Board on matters concerning the general remuneration policy of Directors in the Group. The terms of reference of the RC have been approved by the Board and comply with the recommendations of the MCCG 2012.
- 8.2 The members of the RC which comprise mainly of Independent Non-Executive Directors are as follows:
Mr. James Edwin (Chairman)
Mr. Lim Soo Koon
Mr. Heng Fu Joe
- 8.3 The RC and the Board ensure that the Company's remuneration package is responsive to market elements, fair and sufficiently attractive to attract, motivate and retain high calibre individuals, taking into consideration the capability, experience, expertise, skills and competency of the Director concerned. In addition, the RC and the Board also take into consideration relevant information from survey data.
- 8.4 The RC recommends to the Board the remuneration of the Executive Directors, in all forms. The determination of the remuneration of the Non-Executive Directors as well as the Executive Directors will be a matter to be determined by the Board as a whole, with the Director concerned abstaining from deliberations and voting on the decisions regarding his/her individual remuneration.

- 8.5 The Directors' remuneration is reviewed annually by the RC to ensure that it is reflective of the contribution and responsibilities of the Director concerned for the year, in line with the Company's strategy and objectives. The remuneration comprises components to cover rewards linking corporate performance and individual contribution towards the overall results, in the case of Executive Directors. Reasonable monthly and yearly allowances, meeting allowances and fees are paid to the Non-Executive Directors and tabled to the shareholders for approval at the AGM.
- 8.6 The details of the remuneration of Directors of the Company from the Group for the year ended December 31, 2016 by category and in bands of RM50,000 are as follows:

	<u>Fees</u> RM'000	<u>Salaries, bonus and other emoluments</u> RM'000	<u>Benefits- in-kind</u> RM'000	<u>Total</u> RM'000
Executive Directors	-	2,084	26	2,110
Non-Executive Directors	88	178	4	270

<u>Range of remuneration</u>	<u>Executive Directors</u>	<u>Non-Executive Directors</u>
RM50,001 - RM100,000	-	2
RM100,001 - RM150,000	-	1
RM200,001 - RM250,000	1	-
RM250,001 - RM300,000	1	-
RM600,001 - RM650,000	1	-
RM950,001 - RM1,000,000	1	-

- 8.7 The Board is of the opinion that it is inappropriate to disclose the remuneration of individual Directors on name basis and has opted not to do so.
- 8.8 Section 230(1) of the Companies Act 2016 provides, amongst others, that the shareholders' approval is required in relation to fees and benefits payable to Directors. The Board had approved the payment of the Independent Non-Executive Directors' fees for the year ended December 31, 2016 amounting to RM88,000 and benefits up to the amount of RM233,100 from January 31, 2017 until the next AGM of the Company. The Board will be seeking shareholders' approval for the fees and benefits paid/payable to Independent Non-Executive Directors at the Company's 44th AGM in accordance with Section 230(1) of the Companies Act 2016.
- 8.9 In order to attract high calibre Directors to the Board, Directors also have the benefit of Directors & Officers Insurance to ensure that they are adequately covered against liabilities incurred in the course of performing their professional duties.
- 8.10 The RC met once during the financial year and recommended to the Board the remuneration for Executive Directors of the Group. All comments were properly documented and recommendations were reported to the Board by the RC's Chairman for the Board members' consideration and approval.

PRINCIPLE 3: REINFORCE INDEPENDENCE

9. The three (3) Independent Non-Executive Directors provide impartial and objective views, advice and judgement to ensure proper check and balance in the Board. The Independent Directors make up more than one third (1/3) of the membership of the Board and this is in compliance with Paragraph 15.02 of the MMLR that requires at least one third (1/3) of the Board to comprise of Independent Directors. Having considered the NC's annual assessment, the Board is satisfied that all the

Independent Non-Executive Directors fulfill the criteria of independence, as defined in the MMLR; are not engaged in the day-to-day management of the Company or are involved in any other relationship with the Company (other than those permitted by the applicable regulations). The Independent Non-Executive Directors have provided their annual confirmation of independence to the NC. The Independent Non-Executive Directors also bring independent judgment to Board deliberations, engage in open/constructive debates and challenge Management, where necessary, to ensure high standards of corporate governance.

- 9.1 The Board recognises that Independent Directors may over time develop significant insights in the Group's business and operations and can continue to provide valuable contribution to the Board. Hence, the Board is of the view that independence of the Independent Directors must be based on their professionalism, integrity and objectivity and not merely based on form i.e. the tenure/number of years that they have served on the Board.
- 9.2 Recommendation 3.3 of the MCCG 2012 provides that the Board must justify and seek shareholders' approval in the event it retains as an Independent Director, a person who has served in that capacity for more than nine (9) years. The shareholders may, in exceptional circumstances and subject to the assessment of the NC, decide that an Independent Director can remain as an Independent Director after serving a cumulative term of nine (9) years. The Company is affected by this requirement in the MCCG 2012 as our Chairman's tenure as Independent Non-Executive Director has exceeded nine (9) years as he was appointed in February 2003.
- 9.3 In compliance with Recommendation 3.3, the NC undertook the review and assessment and recommended to the Board to seek shareholders' approval at the forthcoming AGM for our Chairman, Mr. James Edwin to be retained and to continue to act as an Independent Non-Executive Director of the Company based on the following justifications:
 - (a) Mr. James Edwin fulfills the criteria under the definition of Independent Director as stated in the MMLR.
 - (b) He continues to exercise sound independent business judgement and demonstrates objectivity in the discharge of his fiduciary duties.
 - (c) Mr. James Edwin has the experience, calibre, qualifications and personal qualities to engage/challenge Management in a constructive manner to ensure that there is effective check and balance during Board deliberations and decision making.
 - (d) His extensive legal experience and understanding of the Group's business enables him to participate actively and contribute valuable insights at Board and Board Committee meetings.
 - (e) He maintains a professional relationship with Board members, is independent from Management and free from any business and other relationship which could interfere with his independent judgement or the ability to act in the best interest of the Company, its subsidiaries and shareholders.
- 9.4 Having considered the NC's evaluation and Mr. James Edwin's own confirmation of independence pursuant to the MMLR, the Board is confident and firmly believes that Mr. James Edwin can be tasked to discharge his duties and responsibilities independently and objectively. He has a good understanding of the Group's business, its challenges and the environment in which the Group operates. Mr. James Edwin's length of service on the Board has not in any way compromised/interfered with his independence and ability to act in the best interest of the Group and the shareholders of the Company. The Board values continuity and stability and is confident that Mr. James Edwin's integrity, proven commitment, diligence and competence will continue to add value to the Group. Accordingly, the Board with the abstention of Mr. James Edwin, strongly recommends retaining Mr. James Edwin as an Independent Non-Executive Director of the Company and will be tabling an Ordinary Resolution to the shareholders at the forthcoming AGM for the said purpose.

- 9.5 The position of Chairman and the Managing Director are held by two individuals with distinct and separate functions. Their roles are kept separate to ensure an optimal balance of power, increased accountability and greater capacity of the Board for independent decision-making. These ensure that no one individual has unfettered powers of decision making. The separation of responsibilities is further reinforced as the Chairman is not someone who has previously served as the Chief Executive Officer/Managing Director of the Company. The Independent Non-Executive Chairman, Mr. James Edwin is primarily responsible for the orderly conduct and working of the Board and the effectiveness of its governance process. The Chairman promotes an open culture which allows for debate and constructive challenge during Board meetings. The Managing Director, Mr. Lim Soo Koon is responsible for implementing the policies and decisions of the Board, overseeing operations and coordinating the development and implementation of business and corporate strategies. The Chairman works closely with the Managing Director and Company Secretary on matters to be tabled at meetings and fosters constructive interactions with the shareholders at the general meetings.
- 9.6 The Board is satisfied that the present Chairman is independent based on the justifications in paragraph 9.3 above and has the ability to ensure proper check and balance to facilitate Board proceedings and decision making. Hence, the Board is of the view that the adoption of Recommendation 3.5 of the MCCG 2012 which states that the Board must comprise a majority of Independent Directors where the Chairman of the Board is not an Independent Director is not relevant in the context of the Company.

PRINCIPLE 4: FOSTER COMMITMENT

10. The NC and the Board ensure that time commitment is obtained from new Directors at the time of appointment. Directors are expected to notify the Chairman and Company Secretary before accepting any new directorship and an indication of time that they will spend on their new appointment.
- 10.1 The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles on the Board and Board Committees. Six (6) Board meetings were held during the financial year and all the Directors fulfilled the requirement stipulated by Bursa Malaysia in relation to their attendance at Board meetings. The respective Directors also attended all the meetings of the Board Committees held during the year under review. The frequency of Directors' attendance at the Board meetings is set out in the Profile of Directors on pages 9 to 11 of this Annual Report. A Director who is unable to attend any meeting in person may participate by means of audio or visual communication in accordance with the Third Schedule of the Companies Act 2016.
- 10.2 The schedule of all the Board and Board Committee meetings as well as the AGM is planned well in advance and distributed to the Board members in the 4th quarter of the preceding year. This is to enable the Directors to plan ahead and fit the meetings into their respective schedules to ensure their time commitment. The Board meets at least six (6) times in a year. Besides the scheduled Board meetings, additional meetings are convened when urgent and important decisions need to be made between scheduled meetings. Decisions of the Board and Board Committees may also be obtained through Directors' Circular Resolutions, where appropriate.
- 10.3 The Board also ensures that its members do not hold more than 5 directorships in listed issuers in accordance with the MMLR. None of the Directors held any directorship in public listed companies during the financial year.
- 10.4 The Board believes that continuous training for the Directors is essential to enable them to discharge their duties effectively. To this end, Directors are encouraged to attend relevant seminars and courses to keep themselves abreast of the various issues facing the changing business environment, regulatory and corporate governance developments to enhance their professionalism, skills and knowledge to effectively discharge their duties and responsibilities.

- 10.5 The Directors are empowered by the Board to evaluate and assess their own training needs on a continuous basis. The Company Secretary assists with the co-ordination of continuing training programmes for Directors to ensure that they are updated on corporate governance and other relevant matters.
- 10.6 During the financial year, the Directors assessed their own training needs and informed the Company Secretary of training programmes that they wish to attend to upgrade themselves.
- 10.7 All the Directors attended training during the financial year under review and the programmes are as follows:
- (a) Mr. James Edwin
 - “CG Breakfast series for directors: Future of Auditor Reporting - The Game Changer for Boardroom”; and
 - “Independent Directors Programme: The Essence of Independence”.
 - (b) Datuk Wira Wong
 - “Seminar on Frequently Committed Offences by Directors/ Secretaries Under the New Companies Bill- Clear and Present Danger”.
 - (c) Mr. Low Chan Tian
 - “Proposed Companies Act 2015 – Changes and its impact on you”; and
 - “CG Breakfast Series: Cybersecurity Threat and How Board Should Mitigate the Risks”.
 - (d) Mr. Lim Soo Koon
 - “From Easy Strategic Thinking To Successful Execution”.
 - “Solvent - Free Adhesive Handling and Lamination Best Practices”.
 - (e) Mr. Low Geoff Jin Wei
 - “New Companies Act 2016 - A Snapshot of Changes”.
 - (f) Mr. Heng Fu Joe
 - “Briefing on Monitoring Review Finding”;
 - “Going Concern”;
 - “The New IFRS 15/AASB 15 Revenue from Contracts With Customers”;
 - “The New IFRS 16 Leases Briefing on Discount Rates”;
 - “MPERS Training”;
 - “MFRS 9 Financial Instruments”;
 - “Audit Quality Discussion”;
 - “Forum on Key Audit Matters”;
 - “CPA Congress 2016”;
 - “Negotiating Principles & Practices - The Revolution of Negotiating”;
 - “CAANZ - MICPA Forum: Transforming Audit Through Big Data And Analysis”;
 - “A Comprehensive Review of Latest Development in MFRS”;
 - “2016 Business And Tax Seminar”; and
 - “Basic IT Audit Technique for Non-IT Auditors”; “Soft Skills For Workplace Success”.
 - (g) Ms. Caroline Ang
 - Seminar on “Companies Bill 2015”; and
 - “Budget Seminar 2017”.
- 10.8 The Company Secretary also updates and provides the Directors with materials on key corporate governance developments and salient changes on the MMLR, laws and regulations. In 2016, the Company Secretary updated the Board on the recent amendments to the MMLR on disclosure, corporate governance and future financial information. Induction programmes, including site visits to the Company’s manufacturing facilities, meetings with Key Management personnel and briefings on the Group’s operations/policies are organised for new Directors to familiarise them with the Group’s business, operations, organisation structure and corporate policies. All Board members have also attended and successfully completed the Mandatory Accreditation Programme.

- 10.9 During the year, the AC members, Executive Directors and Company Secretary were also briefed by the Internal Auditors on business continuity plan and enterprise risk management as well as on the recent amendments to the MMLR and the proposed draft of the Malaysian Code on Corporate Governance 2016. Briefings were also held by the External Auditors in 2016 for the AC members, Executive Directors and General Manager, Corporate and Finance on enhancements in the new auditor's report relating to key audit matters, going concern and other information.
- 10.10 The Company Secretary maintains a complete record of the trainings attended by the Directors.

PRINCIPLE 5: UPHOLD INTEGRITY IN FINANCIAL REPORTING

11. In presenting the Group's annual financial statements and quarterly results, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects. The AC and the Board review the information to be disclosed before the release to Bursa Malaysia.
- 11.1 The primary objective of the AC is to assist the Board to review the adequacy and integrity of the Group's internal control systems and to ensure that the financial statements comply with applicable financial reporting standards before their submission to the Board for approval. The composition and details of meetings attended by the AC together with its report are presented in the Audit Committee Report on pages 42 to 45 of this Annual Report. The terms of reference, incorporating the AC's duties and responsibilities are set out in the AC Charter which is available on the Company's website at www.daibochiplastic.com.
- 11.2 The Company has established an appropriate and transparent relationship with its External Auditors through the AC. The AC meets the External Auditors twice during the financial year, without the presence of Executive Board members and Management to discuss any issues of concern. The role of the AC in relation to the External Auditors is set out in the AC Charter.
- 11.3 The AC conducts a yearly assessment of the suitability and independence of the External Auditors prior to recommending to the Board to seek shareholders' approval for re-appointment. This assessment is undertaken in accordance with Paragraph 15.21 of the MMLR and the AC's Policy on the Suitability and Independence of External Auditors. The AC conducted the assessment for the financial year under review and presented its evaluation and recommendation to the Board. Details of the AC's assessment are available on pages 43 and 44, Section 2.3(a) of the Audit Committee Report. The Board had considered the AC's annual assessment/evaluation and recommendation supporting the External Auditor's re-appointment and is satisfied with the suitability and independence of the External Auditors. Hence, the Board approved the AC's recommendation on April 3, 2017 for the shareholders' approval to be sought at the 44th AGM on the re-appointment of Messrs SJ Grant Thornton as External Auditors of the Company for the financial year ending 2017.

Statement of Directors' responsibility for preparing the financial statements

- 11.4 The Board is required to prepare financial statements for each financial year in accordance with the Companies Act 2016. In this regard, the Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company.
- 11.5 The financial statements have been made out in accordance with the Financial Reporting Standards and give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year.

- 11.6 In preparing the financial statements, the Directors have:
- selected suitable accounting policies and applied them consistently;
 - made judgements and estimates that are reasonable and prudent;
 - ensured that all Financial Reporting Standards have been followed; and
 - prepared the financial statements on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.
- 11.7 The Directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

PRINCIPLE 6: RECOGNISE AND MANAGE RISKS

12. The Board recognizes its overall responsibility for the Group's risk management and system of internal controls and for reviewing its adequacy and effectiveness.
- 12.1 The RMC was formed in 2015 to support the Board with risk governance and assists to identify, assess, manage and monitor key business risks to safeguard shareholders' investments and assets of the Group. The RMC's authority and duties are governed by its written terms of reference. The members of the RMC are as follows:
Mr. James Edwin (Chairman and Senior Independent Non-Executive Director)
Mr. Heng Fu Joe (Independent Director)
Ms. Caroline Ang (Independent Director)
Mr. Lim Soo Koon (Managing Director)
Mr. Low Geoff Jin Wei (Executive Director)
Ms. Tan Gaik Hong (General Manager, Corporate and Finance)
Key Management personnel i.e. from Operations, Sales and Marketing and other relevant departments may be invited to attend RMC meetings, where necessary, to brief/advise the RMC members on the potential risks and actions that may be taken to mitigate and control these risks.
- 12.2 There were two (2) RMC meetings held during the financial year. At these meetings, the RMC assessed the Group's risks, approved risk focus areas recommended by Management to be deliberated in future cycles, considered other risk focus areas and deliberated the significant risks to be presented to the Board.
- 12.3 The AC reviews the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directive and guidelines. The AC report is available on pages 42 to 45 of the Annual Report.
- 12.4 The Group has an Internal Audit Function, which reports directly to the AC and assists the Board in the monitoring and managing of risks and internal controls. Information on the Group's internal controls and risk management systems is presented on pages 36 to 40, Sections 2, 3 and 4 of the SORMIC.

PRINCIPLE 7: ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

13. The Board remains committed to maintaining high standards of corporate disclosure and values its dialogue with shareholders, the investment community and other stakeholders. To this end, the Board seeks to ensure that timely, meaningful and equal dissemination of relevant information is provided to assist shareholders and investors in their investment decisions. Consistent with these standards, the Company maintains a Board approved *Corporate Disclosure Policy* to provide guidance to the Board, Management and employees to ensure accurate, timely, consistent, high quality and fair disclosure of corporate information.

- 13.1 The Board has designated the Managing Director as the person responsible for communication with the investment community, regulators and the media. The Managing Director may, from time to time, designate others within the Company to speak on behalf of the Company to respond to specific inquiries. Employees who are not authorized spokespersons are not authorized under any circumstances to respond to inquiries from the investment community, the media or others, unless specifically authorized by the Managing Director.
- 13.2 The Company has leveraged on information technology by maintaining a corporate website at www.daibochiplastic.com as an additional channel of communication with stakeholders. The Group's corporate website is a key source of information for the investment community and provides a wide range of information about the Group. The website incorporates an Investor Relations section which includes particulars of the Group's business, corporate, management, financial and corporate governance information. The Company's Memorandum and Articles, share price information, financial calendar, Dividend Policy, analyst reports, capital changes, all announcements and circulars made by the Company to Bursa Malaysia, corporate presentations (investor briefings), annual reports, press releases and AGM minutes are also available in the IR section. Dates of release of the Group's financial results are also notified in advance for the benefit of the investment community and are available in the Investor Relations section on the Company's corporate website at www.daibochiplastic.com.
- 13.3 All new material information and financial results are disclosed in an accurate and comprehensive manner and on a timely basis via Bursa Link, allowing investors to stay updated on strategic and operational developments as well as the Group's performance.

PRINCIPLE 8: STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

14. The Board encourages shareholders' active participation at the Company's general meetings. The AGM remains the principal forum for dialogue with shareholders and it affords shareholders the opportunity to raise questions and seek clarifications on the Group's operations, performance, strategies and latest development. The Chairman and members of the Board will be in attendance to address queries and concerns about the Group. The Board also will undertake to provide the shareholder with a written answer to any significant question that cannot be readily answered. The External Auditors will also be present to provide their professional and independent clarification on relevant issues and concerns raised by the shareholders, if any. A press conference is normally held after the AGM.
- 14.1 The Company sends out notices of general meetings, Annual Report and circulars/statements to shareholders at least twenty one (21) days before the date of the meeting to enable shareholders to have sufficient time to peruse the Annual Report and other documentation and appoint proxies to attend the general meeting if they so wish. The Articles of the Company allow shareholders to appoint up to two (2) proxies to attend and vote on his/her behalf. A proxy need not be a member of the Company. Notices of general meetings are also advertised in an English newspaper and posted on Bursa Malaysia's website. The Board ensures that each item of special business included in the general meeting notices is accompanied by an explanation of the effects of the proposed resolution. The results of all the resolutions set out in the notice of general meetings are announced on the same day via Bursa Link. Minutes of the AGM, with details of the proceedings, including questions raised by shareholders and answers given by the Board are posted on the Company's website for the benefit of shareholders and investors.

- 14.2 In order to promote greater transparency and effective participation, voting of resolutions at the Company's extraordinary general meeting held on January 30, 2016 ("EGM") and the 43rd AGM held on May 26, 2016 were conducted by poll, instead of by a show of hands. The Chairman exercised his right to demand for poll in respect of all resolutions put to vote at the EGM and AGM in accordance with the Company's Articles. The Share Registrar, Tricor Investor and Issuing House Services Sdn. Bhd. explained the voting process to the shareholders, conducted the polling process and acted as official scrutineers to verify the results of the poll. The poll results were announced by the Company via Bursa LINK on the same day.
- 14.3 All the Directors were present in person to engage directly with the shareholders of the Company during the said general meetings. At the EGM, the Managing Director addressed questions raised by the shareholders in relation to the corporate exercise and other matters pertaining to the Company. The Company's advisors were also present to advise the Board and assist with any queries that the shareholders may have in relation to the corporate proposals. At the Company's 2016 AGM held at Ramada Plaza Melaka, the Managing Director gave a presentation to the members, featuring an overview of the Company's business and products, operational highlights, product innovations and 2015 financial performance. Shareholders had the opportunity to view the type of products, including new laminates produced/supplied by the Company via the display of flexible packaging materials. An Executive Director of the Company presented the Company's response to questions submitted by the Minority Shareholder Watchdog Group ("MSWG") for the benefit of the members. The Managing Director also addressed the shareholders' and MSWG's queries during the meeting.
- 14.4 The Board has identified the Chairman, Mr. James Edwin as the Senior Independent Non-Executive Director to whom concerns of shareholders and other stakeholders may be conveyed. He may be contacted via his email address at jamesedwin@daibochi.com.
- 14.5 During the year, the Managing Director, an Executive Director and General Manager, Corporate and Finance met with analysts, fund managers, institutional shareholders and investors to provide updates on the performance as well as progress and developments of the Group. Investor briefings were held in each quarter in 2016 in conjunction with the Group's quarterly financial results. The briefings, presented by the Managing Director and Executive Director, included operational and financial highlights, industry insights, prospects and plans of the Group. The Board is kept informed of the views of shareholders through the Managing Director, Executive Director and General Manager, Corporate and Finance's attendance at investors' briefings.
- 14.6 The signing ceremony of the Memorandum of Agreement between the Company's subsidiary, Daibochi Flexibles Sdn. Bhd. and Myanmar Smart Pack Industrial Company Limited to establish a joint venture company in Myanmar ("JVCO") was held on November 14, 2016. The Chairman, Managing Director, an Executive Director, an Independent Director and General Manager, Corporate and Finance as well as key personnel of the joint venture partner were in attendance to engage with investors, analysts and fund managers to address queries in relation to the JVCO.

COMPLIANCE STATEMENT

The Board is satisfied that to the best of its knowledge, the Company is generally in compliance with the MMLR and the principles and recommendations of the MCCG 2012.

This Corporate Governance Statement is made in accordance with the resolution of the Board of Directors dated April 3, 2017.

Additional Compliance Information

(a) **Utilisation of proceeds**

The Company did not implement any fund raising exercise during the financial year.

(b) **Audit and Non-Audit Fees**

The amount of audit and non-audit fees paid or payable to the External Auditors of the Company or its subsidiaries for services rendered for the financial year are as follows:

Fees Incurred	Group RM'000	Company RM'000
Audit Fees	162	110
Non-Audit Fees	20	20

(c) **Material contracts involving Directors and major shareholders' interests**

Other than the related party transactions disclosed in this Annual Report, there were no material contracts entered into by the Company or its subsidiaries during the financial year which involved the interests of Directors or major shareholders.