

ANNUAL REPORT 2022



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BOARD OF DIRECTORS

Dato' Lim Soon Huat
(Executive Chairman)

Ng Chin Nam
(Independent Non-Executive Director)

Lam Voon Kean
(Independent Non-Executive Director)

Nurjannah Binti Ali (retired on 30 June 2022)
(Independent Non-Executive Director)

Chua Hooi Luan (appointed on 30 June 2022)
(Independent Non-Executive Director)

COMPANY SECRETARIES

Tai Yit Chan
(MAICSA 7009143) (SSM PC No. 202008001023)

Ong Tze En
(MAICSA 7026537) (SSM PC No. 202008003397)

REGISTERED OFFICE

170-09-01, Livingston Tower, Jalan Argyll,
10050 George Town, Pulau Pinang.
Tel : 04-229 4390 Fax : 04-226 5860

PRINCIPAL PLACE OF BUSINESS

Plot 16, Kawasan Perindustrian Bayan Lepas,
Phase IV, Mukim 12, Bayan Lepas,
11900 Penang, Malaysia.
Tel : 04-642 6601 Fax : 04-642 6602

REGISTRAR

Agriteum Share Registration Services Sdn Bhd
(578473-T)
2nd Floor, Wisma Penang Garden
42, Jalan Sultan Ahmad Shah,
10050 Pulau Pinang
Tel : 04-228 2321 Fax : 04-227 2391

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

AUDITORS

BDO PLT (LLP0018825-LCA & AF 0206)

Introduction

Listed on the Bursa Malaysia since 1996, the business operation of Asia File Corporation Bhd. (“AFC”) and its subsidiaries (“the Group”) are categorised under the following two business segments :-

- a) Manufacturing and trading of stationery products, paper and plastic based related products.
- b) Manufacturing and trading of consumer and food ware products.

As an integrated files manufacturer, the Group offers a wide range of filing products and filing accessories made from paperboard, plastic and metals. The main product categories of its filing division consist of hard board files, manila range of filing products and soft plastic filing items. Through its 100% owned paper mill in the United Kingdom (“UK”), the Group also manufactures coloured paper and boards used by filing, educational and other specialty markets.

Headquartered in Penang, the Group’s domestic operations are carried out from its seven (7) production and warehousing sites. For its oversea operations, the Group owns two files producing plants and one paper mill in UK while two manufacturing facilities are located in Germany.

Over the years, the Group has established itself as the leading supplier of filing products in both Malaysia and Europe. Its premier brand “ABBA” which is well recognised for its excellent quality and durability, remain as the leading brand name in Malaysia for filing and stationery products. The Group also owns several popular brands including OPTION, MEGA and GUNGYU.

Globally, the products are sold primarily in Europe, USA, Asia Pacific, Australia, New Zealand, Middle East and Africa. Over the years, the Group has successfully established itself as one of the leading filing suppliers in United Kingdom and part of Europe.

In its quest to strengthen the sustainability of the business, the Group has been undergoing constant business transformation which includes identification of new business segment and diversification of product range. During the year, AFC completed the acquisition of 100% equity interest in Supportive Technology Sdn Bhd (“STSB”), a company involved in manufacturing of diverse plastic ware products, for a total consideration of RM22.6 million. The above acquisition was funded from internally generated cash. The Group believes the acquisition of STSB will expand its manufacturing capability to cover a wider range of consumer products within the spectrum of industry where the Group could leverage on its manufacturing expertise.

For FY 2022, only the last quarter’s financial performance of STSB was included in the consolidated result of the Group.

Management Discussion and Analysis 2022 (continued)

Financial Overview

	FY 2022 RM'000	FY 2021 RM'000
Revenue	323,018	258,100
Results from operations	35,906	26,323
Shares of profits of an associate, net of tax	12,966	22,265
Finance cost	(366)	(497)
Interest & distribution income	2,987	3,269
Profit before tax ("PBT")	51,493	51,360
PBT %	15.94%	19.90%
Taxation	(8,121)	(4,748)
Profit after tax ("PAT")	43,372	46,612
PAT %	13.43%	18.06%
Shareholders' fund	716,591	679,662
Short-term funds, Cash & cash equivalents	214,292	282,392
Net asset per share (sen)	367.94	348.98

Revenue

For financial year ended 31 March 2022 ("FY2022"), the Group recorded an increase of 25.2% in its total revenue to RM323.0 million as compared to revenue of RM258.1 million recorded in previous financial year ("FY2021"). The widespread restrictions and lockdowns imposed during the onset of the COVID-19 outbreak worldwide had the biggest impact on the Group's revenue in FY2021 especially in the June quarter. As the economy gradually recovered amidst the transition to the endemic phase of COVID-19, demand for filing products, consumer and food ware were showing signs of improvement in FY2022.

Filing Products Division

The filing products division contributed a total revenue of RM274.2 million which reflected an increase of 18.9% as compared to RM230.7 million recorded in the previous financial year. As the result of the gradual re-opening of economies globally, more people are returning to schools and offices. This has augured well for the demand of filing items. During the year, we noted an encouraging sign of stabilisation in sales generated from this division as economy life returns to pre pandemic normalcy.

Consumer and Food Ware Division

	FY 2022	FY 2021	FY 2020
Revenue (RM'000)	48,738	27,323	10,659

Consumer and food ware division continues to deliver steady growth in sales with total revenue surpassing RM48.7 million for the current financial year as compared to RM27.3 million achieved one year ago. The acquisition of STSB will provide the Group with an excellent platform to further grow this division. With the availability of a wider range of products to offer, it will accelerate sales penetration to a larger clientele base. Other than recyclable food ware, the Group is also actively promoting its consumer wares for household use such as storage boxes, chairs, stools, multi-tiered drawers, crispers, hangers and trays. During the year, the Group has successfully reached out to a wider spectrum of customers which saw its number of active customer accounts increased by more than 52%.

Operating Profits

On the back of higher revenue, operating profit for the financial year improved by 36.5% to RM35.9 million from RM26.3 million recorded one year ago. The higher revenue reported during the year has resulted in cost optimisation and better absorption of fixed costs especially in the operation of its overseas subsidiaries.

Despite a higher sales revenue, the Group's operating margin was adversely affected by rising material cost, soaring energy bills in Europe and also the significant hike in freight cost. The successful passing through some of the above increased cost to customers has helped to mitigate the above impact. Unfortunately, the unfavourable foreign exchange movement has posed another headwind for the Group as Malaysia Ringgit, GBP and EURO weakened considerably against USD in the second half of the year. This factor, together with the general increases across all expenses has added further cost pressure for the Group.

During the year, the Group has taken various proactive measures to reduce operating costs and improve efficiency across the different facets of the operation. The resilience and adaptability adopted in the Group's business approach has enabled it to weather through these challenges successfully.

Profit before Tax

During the year, the Group reported a much lower share of profit from its associate of RM13.0 million as compared to RM22.3 million recorded last year. As a result, profit before tax remain largely unchanged at RM51.5 million despite achievement of higher operating result during the year.

Taxation

Excluding the share of profit of associate, the effective tax rate for FY2022 remained at 21%. The Group enjoyed a lower effective tax rate last year due to tax incentives enjoyed by its local subsidiaries.

Group Financial Position

As at 31 March 2022, the Group's financial position remains solid with total short term funds, cash and cash equivalents amounted to RM214.3 million. Short term funds are highly liquid investments which are readily convertible to cash.

Net asset per share has grown from RM3.49 in FY2021 to RM3.68 in FY2022.

Dividend

In view of the improvement in its financial performance, the Board has recommended a higher single tier final dividend of 2.0 sen subject to obtaining shareholders' approval at the forthcoming Annual General Meeting.

Anticipated Risks

Rising Operation Cost

As an export oriented company, the Group has to maintain its competitiveness in terms of product pricing. The surge in freight costs will no doubt result in higher operating costs when raw materials are imported and goods are exported. This may affect the Group's competitiveness when competing with other local manufacturers who do not have to deal with such adversity.

The Group will continue to review and re-strategize its operation by leveraging on its multiple manufacturing facilities in other geographical sites and also to re-structure its operation where necessary in order to minimise the overall operating costs.

Foreign Exchange Risk

As majority of the Group's revenue were derived outside Malaysia, forex volatilities associated with GBP, EURO and USD against Ringgit Malaysia would impact the consolidated earnings of the Group.

The Group will continue to monitor closely the movement of the exchange rates and adopt hedging strategies where appropriate to address the risk of major fluctuation in exchange rates.

Risk Associated with New Ventures

To ensure a sustainable growth, the Group will be on continuous look out for new ventures whether within or outside its core business. This will no doubt create uncertainties as new areas are being explored and tested.

New investments will pose both challenges and opportunities to the Group. To minimize any potential losses from such new ventures, the Group will carry out proper due diligence process and in depth evaluation prior to making any new investment decision.

Credit Risks of Customers

As the Group extends credit terms to most of its customers, any default of payment by its customers or failure to pay on time will affect the financial position of the Group.

To mitigate the risk, the Group has put in place stringent credit control procedures to evaluate, review and monitor all potential new debts or current debts owed by its customers. The Group's policy of only delivering to credit worthy customers after detailed evaluation of customers' financial position helps to minimize occurrence of bad debts.

Business Outlook and Prospects

With inflation on the rise fuelled by the supply chain disruption and unprecedented increase in operating costs, business environment remain volatile. Under such challenging situation, the Group is committed in executing various initiatives to ensure its operation remain lean and efficient. This is made even more relevant as it faces the issue of labour scarcity and manpower constraint. With the consolidation of market players in the filing industry in both Malaysia and oversea markets, the Group is well poised to seek out areas to reinforce its position in the industry. The Group is optimistic that the operation of its filing segment will remain positive.

On 21st December 2021, AFC had acquired STSB, a local manufacturer who is principally involved in the manufacturing and selling of plastic consumer products which include drawer, food container, storage box, tumbler, bath and laundry ware, table, chair, flower pot and other household items.

The above acquisition is in line with the Group's strategy to diversify and expand into consumer and food ware products which will contribute positively to the future earnings of the Group. To remain competitive in this new market segment, the Group will continue to focus its strategies and priorities on improving product excellence to drive revenue growth, improving profitability via effective cost control and upgrading of production facilities to improve the business's sustainability. The Group has recently launched a selective range of its consumer ware products via e-Commerce platform which yield a very encouraging result. A broader launch of additional products will be in the pipeline to aggressively capture a bigger market share. In addition, the Group has also successfully winning major accounts to solidify our growth prospects in this new market segment. In the near future, the Group plans to expand this business segment internationally in particularly Europe where the Group enjoys a strong presence currently. With a consistent focus on product development work, this new business segment will continue to drive the overall business growth of the Group.

Corporate Structure



- Companies incorporated in Malaysia
- Company incorporated in Germany
- Company incorporated in Singapore
- Companies incorporated in United Kingdom

Profile of Directors



Dato' Lim Soon Huat, aged 65, Male, a Malaysian and the Non-Independent Executive Chairman. He was appointed to the Board on 3 January 1996 and was subsequently appointed as Chairman of the Board on 16 July 2001.

He graduated from University of Melbourne with a Master Degree in Engineering. He has vast working experiences of more than 40 years in both public and private sectors. Prior to his involvement in business, he was involved in civil engineering projects undertaken by the Drainage and Irrigation Department. In 1986, he joined the filing and stationery industry and since then he has been playing a prominent role in all facets of the company management. He also holds directorship in various subsidiaries of Asia File Corporation Bhd.

As at 30 June 2022, he is the registered holder of 2,882,955 shares in Asia File Corporation Bhd. and is deemed interested over 83,738,951 shares in Asia File Corporation Bhd. registered under Prestige Elegance (M) Sdn Bhd. He also holds 50.01% of the total shareholding in Prestige Elegance (M) Sdn Bhd.

During the financial year ended 31 March 2022, he attended four (4) Board of Directors' meetings.

Ng Chin Nam, aged 52, Male, a Malaysian. He was appointed to the Board on 11 June 2012 as an Independent Non-Executive Director. He is the Chairman of the Audit Committee and Nomination & Remuneration Committee.

Mr. Ng is a member of the Chartered Institute of Management Accountants (CIMA). He has more than 25 years of experience in the fields of accounting, auditing, taxation and corporate finance. He starts his career in 1992 in manufacturing environment. He joined an international audit firm as an audit senior in 1997 after obtaining his professional qualification from CIMA. He left the audit firm as assistant manager in 2000 to join a listed company as finance manager. In 2007, he left to assume the role as Head of Management Information System (MIS), Human Resource and Finance in another listed company. Mr. Ng presently sits on the Board of Heng Huat Resources Group Berhad.



During the financial year ended 31 March 2022, he attended four (4) Board of Directors' meetings.

Profile of Directors (continued)

Lam Voon Kean, aged 70, Female, a Malaysian. She was appointed to the Board on 11 June 2012 as a Non-Independent Non-Executive Director. Thereafter, she was re-designated as Independent Non-Executive Director on 29 May 2014. She is a member of the Audit Committee and Nomination & Remuneration Committee.

Madam Lam has over 35 years of experience in the fields of accounting, auditing, corporate secretarial and advisory. She began her career with KPMG in 1974 under articleship and subsequently promoted as senior audit manager. She left KPMG in 1994 to join M & C Services Sdn Bhd [now known as Boardroom Corporate Services (Penang) Sdn Bhd after restructuring] as the senior manager and was promoted to managing director until her retirement in 2011. Madam Lam presently sits on the Board of Globetronics Technology Bhd, RGB International Bhd, Alcom Group Bhd and Tambun Indah Land Bhd.



During the financial year ended 31 March 2022, she attended four (4) Board of Directors' meetings.

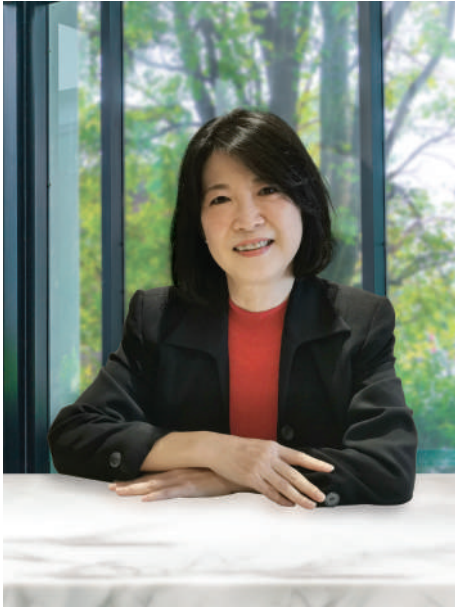


Nurjannah binti Ali, aged 63, Female, a Malaysian. She was appointed to the Board on 15 April 1999 as an Independent Non-Executive Director and subsequently retired from the Board on 30 June 2022. She was a member of the Audit Committee and Nomination & Remuneration Committee until her retirement.

With an accounting background, Puan Nurjannah has more than 15 years' experience in finance and corporate management. She presently sits on the Board of Public Packages Holdings Bhd and several other private limited companies.

During the financial year ended 31 March 2022, she attended four (4) Board of Directors' meetings.

Profile of Directors (continued)



Chua Hooi Luan, aged 58, Female, a Malaysian. She was appointed to the Board on 30 June 2022 as an Independent Non-Executive Director and also as a member of the Audit Committee and Nomination & Remuneration Committee.

Ms. Chua graduated with a Bachelor of Accounting (Honours) degree from University of Malaya in 1988. She is a member of the Malaysian Institute of Certified Public Accountants (MICPA) and has more than 30 years of experience in the fields of corporate finance, international project financing and cross border merger & acquisition transactions. She started her career in 1988 in an international audit firm. She left the audit firm as an audit senior in 1992 to pursue her career in the field of corporate finance where she joined an investment bank. She later moved on to join a formerly listed company as its General Manager, Corporate Finance in 1997 and presently assumed her role as its Deputy Group Chief Financial Officer.

Notes:

- i) Datin Khoo Saw Sim, a substantial shareholder, is the mother of director, Dato' Lim Soon Huat. Other than as disclosed in the Profile of Directors, none of the directors has any family relationship with any other directors / major shareholders of the Company.
- ii) Other than as disclosed in the Directors' Report and Notes to the Financial Statements, there is no other conflict of interest that the directors have with the Company.
- iii) Except for Ng Chin Nam, Nurjannah binti Ali and Lam Voon Kean which were disclosed in the Profile of Directors, none of the other director hold any directorship in any other public listed companies.
- iv) In the past five (5) years, none of the directors was convicted of any offence (excluding traffic offences).

Profile of Key Senior Management

Mr. Hubertus Rohe, aged 65, Male, a German

❖ *Managing Director of Plastoreg Smidt GmbH*

Mr. Hubertus Rohe studied Marketing and Languages at European Business School.

He joined Plastoreg Smidt GmbH in November 1990 as Sales Director and was appointed as Managing Director in January 2003. In 2011, Mr. Hubertus Rohe was appointed as director of Higher Kings Mill Limited.

Prior to joining the Company, Mr. Hubertus Rohe assumed the role as Export Country Manager at Gloria Werke and was the Export Director at Brause GmbH in 1988.

Mr. Hubertus Rohe does not have any family relationship with any director and / or major shareholder. He has no conflict of interest in any business arrangement involving the Company.

Ms. Goh Phaik Ngoh, aged 54, Female, a Malaysian

❖ *Chief Financial Officer*

Ms. Goh Phaik Ngoh graduated with a Bachelor of Commerce Degree from University of Otago, New Zealand in 1991 and passed the Final Qualifying Examination organised by The New Zealand Society of Accountants in 1992.

Prior to joining Asia File group of companies in 1994, she was attached to the international accountancy firms of Messrs Arthur Andersen & Co and Coopers & Lybrand (Singapore).

She currently holds directorship in various subsidiaries of Asia File group of companies.

Ms. Goh Phaik Ngoh does not have any family relationship with any director and / or major shareholder. She has no conflict of interest in any business arrangement involving the Company.

Ms. Lim Chin Chin, aged 41, Female, a Malaysian

❖ *Business Operation Manager*

Ms. Lim Chin Chin graduated with a Bachelor of Mechanical and Manufacturing Engineering Degree from The University of Melbourne, Australia.

She joined the Group in 2005 and is actively involved in the operation of consumer and food ware and also the various new projects undertaken by the group of companies.

She currently holds directorship in various subsidiaries of Asia File group of companies.

Ms. Lim Chin Chin is the daughter of Dato' Lim Soon Huat, the granddaughter of Datin Khoo Saw Sim and the sister of Ms. Lim Mei Chin. She has no conflict of interest in any business arrangement involving the Company except as disclosed in the Notes to the Financial Statements.

Profile of Key Senior Management (continued)

Ms. Lim Mei Chin, aged 37, Female, a Malaysian

❖ *Business Development Manager*

Ms. Lim Mei Chin graduated with a Bachelor of Mechanical Engineering Degree from The University of Melbourne, Australia.

She joined the Group in 2008 and is in charge of Soft Plastic division, Paper Mill division and is also actively involved in the various new projects undertaken by the Group of Companies.

She currently holds directorship in various subsidiaries of Asia File group of companies.

Ms. Lim Mei Chin is the daughter of Dato' Lim Soon Huat, the granddaughter of Datin Khoo Saw Sim and the sister of Ms. Lim Chin Chin. She has no conflict of interest in any business arrangement involving the Company.

Mr. Chiang Kok Nearn, aged 47, Male, a Malaysian

❖ *Plant Manager at Permatang Tinggi, Penang*

Mr. Chiang Kok Nearn graduated with a Master Degree of Business Administration from University of South Australia.

He started his career as Production Manager in a manufacturing company before joining the Group as Plant Manager in July 2011. He is involved in overseeing the manufacturing operation in the plant located in Permatang Tinggi, Penang.

Mr. Chiang Kok Nearn does not have any family relationship with any director and / or major shareholder. He has no conflict of interest in any business arrangement involving the Company.

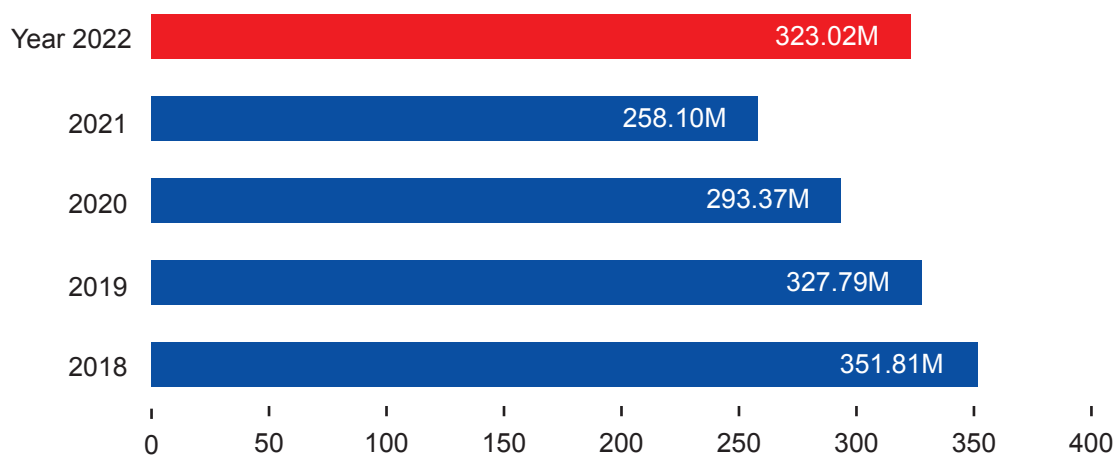
Additional information:-

None of the Key Senior Management has:

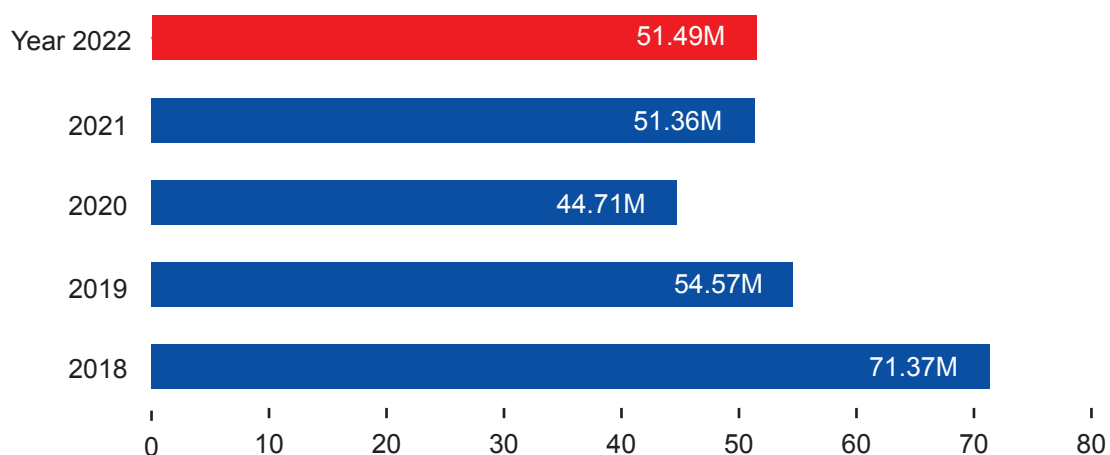
- (i) been convicted of any offence (excluding traffic offences) within the past five (5) years; and
- (ii) been imposed with any public sanction or penalty by the relevant bodies during the financial year ended 31 March 2022.

Group Financial Highlights

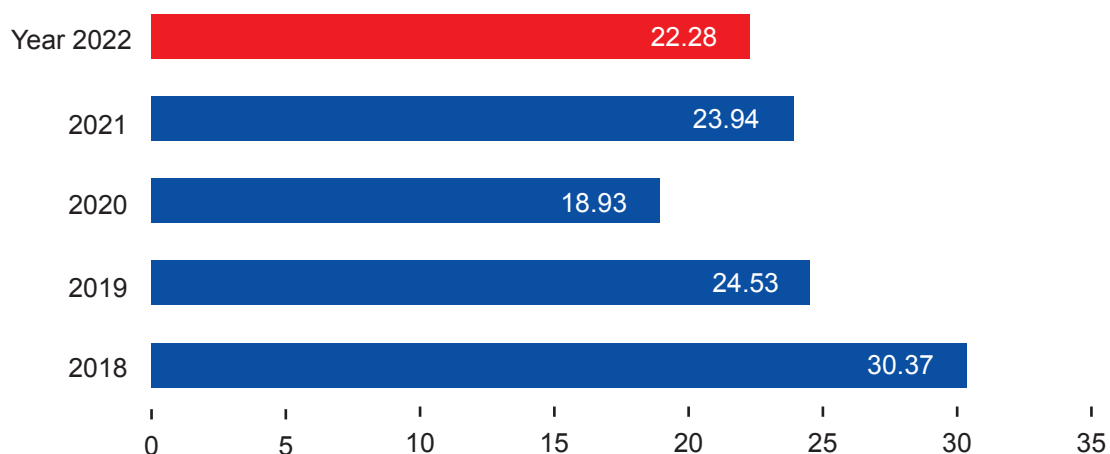
Turnover (RM)



Profit Before Taxation (RM)



Basic Earnings Per Share (Sen)



Corporate Governance Overview Statement

INTRODUCTION

The Board of Directors of Asia File Corporation Bhd. (the “Board”) is committed to achieving and maintaining a high standard of corporate governance within the Group in complying with the Malaysian Code on Corporate Governance (“MCCG”) 2021 which forms part of the continuing obligations of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”). The revised MCCG issued on 28 April 2021 is an update of the MCCG issued in April 2017, which sees the introduction of the new best practice and further guidance to strengthen the governance culture of listed companies.

The Group firmly believes that a sound corporate governance structure cultivates a conclusive and ethical environment that is vital to the sustainability and progressive business growth of the Group.

Pursuant to the Listing Requirements, the Group has completed the prescribed Corporate Governance Report (“CG Report”) for the financial year 2022 which is available on the Company’s website at www.asia-file.com as well as on Bursa Securities Malaysia’s website www.bursamalaysia.com.

This statement gives the shareholders an overview of the application of Corporate Governance (“CG”) practices of the Group.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

The Board is responsible towards the strategic planning, overseeing the resources and the overall operation of the Group. The roles and responsibilities of the Board in pursuit of its corporate objectives are set in the Board Charter. To ensure the effective discharge of its fiduciary duties and to enhance business and operational efficiency, the Board delegates specific responsibilities to the Board Committees namely Audit Committee (“AC”) and Nomination & Remuneration Committee (“NRC”). All the Board Committees consist exclusively of Independent Non-Executive Directors. The board also overseeing the integration of sustainability considerations in corporate strategy, governance and decision-making. The Board Charter and the Terms of Reference of the Board Committees are available online at the Company’s website www.asia-file.com and they will be reviewed periodically and updated in accordance with the needs of the Company to ensure its effectiveness. In addition, the Board is also supported by suitably qualified company secretaries who are members of The Malaysian Institute of Chartered Secretaries and Administrators (“MAICSA”) in ensuring that all Board meetings are properly convened.

The details of Directors’ attendances at meetings during the financial year and calendar of meetings are set out below:-

Name of Directors	Position	Board	AC	NRC
Dato’ Lim Soon Huat	Non-Independent Executive Chairman	4/4	-	-
Mr. Ng Chin Nam	Independent Non-Executive Director	4/4	4/4	1/1
Pn. Nurjannah Binti Ali	Independent Non-Executive Director	4/4	4/4	1/1
Mdm. Lam Voon Kean	Independent Non-Executive Director	4/4	4/4	1/1

Types of meeting	28 May 2021	27 Aug 2021	26 Nov 2021	28 Feb 2022
Board	✓	✓	✓	✓
AC	✓	✓	✓	✓
NRC	✓	-	-	-

Corporate Governance Overview Statement (continued)

In order to ensure that its business and operations are conducted in an ethical, moral and legal manner, the Group has established a set of Code of Ethics and Conduct which governs the standard of ethics and conducts expected from the Directors and employees of the Group. In addition, the Group employee handbook also outlines the moral responsibilities of the employees in discharging their duties in an ethical manner.

The Group recognises that any genuine commitment to detecting and preventing actual or suspected unethical, unlawful, illegal, wrongful or other improper conduct must include a mechanism whereby employees and stakeholders of the Group can report their concerns freely without fear of reprisal or intimidation. Hence, the Group has put in place a Whistleblowing Policy which sets out the internal channel and reporting procedures for all employees and stakeholders of the Group to disclose any irregularities and the protection accorded to whistle blowers who disclose such allegations in good faith.

In view of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 ("MACC Act"), introducing corporate liability provision for bribery and corruption which comes into effect on 1 June 2020, the Group has taken steps to further strengthen its current processes and procedures to ensure adequate procedures are in place.

Board members have direct access to the senior management and are also given unrestricted access to the advices and services of other professional advisors in discharging their duties and responsibilities at the expense of the Group.

All proceedings of board meetings are properly minuted and board meeting papers will be circulated to the Board members ahead of the next Board meeting. All corporate announcements including quarterly financial results will be reviewed and approved by the Board prior to any announcement being made to the Bursa Securities Malaysia.

Chairman of the Board

The Chairman is responsible to lead the Board and ensure its effectiveness. The Chief Executive Dato' Lim Soon Huat assumed the role of Chairman since 2001. The Board is mindful of the dual role of Chairman and Chief Executive held by Dato' Lim Soon Huat but is of the view that the present composition of the Board and its decision making process will provide sufficient check and balance.

75% of the current Board composition consists of Independent Directors with distinguished credentials and majority of them have also acted as Independent Directors in other public listed companies. The Board could rely on their extensive experience and knowledge to ensure that there is independence of judgement.

At meeting, the majority view of the Board will be duly considered whereby no single Board member can dominate its decision making process. The Board is confident that there will not be any potential conflict of interest as all related party transactions are disclosed in accordance with the Listing Requirements. In view of the extensive experience of Dato' Lim Soon Huat in managing the Group's business, the Board is of the view that it could benefit from a knowledgeable Chairman in providing timely updates and guidance when deliberating on key issues or during discussions on latest developments.

Board Composition

The Board currently comprises of one (1) Executive Director and three (3) Independent Non-Executive Directors. The Executive Director has been actively involved in the industry for many years, bringing with him a wealth of valuable experiences in ensuring the success of the Group. The Non-Executive Directors, with their diversified backgrounds and specialization help to steer the Group in the right direction in fulfilling its role to its shareholders. A brief profile of each individual director is presented in the Profile of Directors section of this Annual Report.

Corporate Governance Overview Statement (continued)

The Board is mindful of the recommendation of the MCCG in having at least 30% of suitably qualified women directors among the board members. On 30 June 2022, Puan Nurjannah Binti Ali retired from the Board and she was succeeded by Ms. Chua Hooi Luan on the same date. When finding for suitable candidates, recommendation received from existing Board members, the management as well as referrals from external sources will be considered by NRC. Shortlisted candidates would be assessed by NRC which includes assessment on skills, competency, time commitment, independence, knowledge, experience, character and other qualities in meeting the needs of the Group. During the financial year ended 31 March 2022, Ms. Chua Hooi Luan was proposed to the Nomination Committee as a potential candidate for directorship. Upon deliberation and evaluation, NRC agreed to recommend to the Board the appointment of Ms. Chua based on her skills, competency, time commitment, knowledge, experience and character. The Board believes the newly appointed Director will bring new perspective to the boardroom and that her breadth of expertise and experience will further enhance the core competencies of the Board.

The Board took note of the recommendation of the Code that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. As at the date of this report, the tenure Mr. Ng Chin Nam has exceeded nine (9) years serving as Independent Director. The Board is of the view that the Independent Director has performed his duties diligently and provided independent views when participating in deliberations and decision making of the Board and Board Committees. The length of his service on the Board does not in any way interfere with his exercise of independent judgement and ability to act in the best interest of the Group. In view of the above, the Board is making a recommendation to shareholders for Mr. Ng Chin Nam to remain as Independent Non-Executive Director.

The Board is of the view that while it is important to promote diversity, the normal selection criteria of a Director based on effective blend of competences, skills, experience, and knowledge should remain a priority so as not to compromise on capabilities, experience and qualification.

The current Board composition reflects a balanced diversity with the fulfilment of 50% of woman participation at the Board level. A summary of the Board composition is set out below:-

Independence	Gender	Age Group	Length of Service
Non-Independent (25%)	Male (50%)	> 60 years (50%)	> 20 years (25%)
Independent (75%)	Female (50%)	50 – 60 years (50%)	10 – 19 years (25%)
			< 10 years (50%)

Nomination & Remuneration Committee (“NRC”)

The NRC comprises of 3 members, all of whom are Independent Non-Executive Director. Mr. Ng Chin Nam is the Chairman of the Committee. The NRC is entrusted to review and assess the adequacy and appropriateness of the Board composition. Members of the NRC are well equipped with many years of corporate experiences and are knowledgeable in the field of executive compensation.

The Terms of Reference for NRC are available at the Company's website www.asia-file.com.

The NRC meets as and when required and at least once every financial year. During the financial year under review, the NRC met on 28 May 2021 and was attended by all members of the Board Committee.

The activities undertaken by the NRC for the financial year ended 31 March 2022 were as follows:-

1. Reviewed the overall structure, size and composition of the Board with an aim to achieve a balance of views from the Board;

Corporate Governance Overview Statement (continued)

2. Reviewed the required mix of skills and experiences and other qualities including core competencies and time commitment of the members of the Board;
3. Assessed and reviewed the independence of the directors in delivering their judgment and decisions;
4. Reviewed the criteria for evaluating Board and Board Committees' performance and recommended to the Board the adoption of the revised Board Evaluation & Assessment Form for the annual performance review of the Directors for the financial year 2022;
5. Conducted annual performance evaluation and assessment on the effectiveness of the Board and each Board Committee in discharging its duties and responsibilities;
6. Reviewed and recommended to the Board a transparent and equitable remuneration policy and framework for the Directors and senior management of the Group;
7. Reviewed and endorsed the Board's approval on the salary increment framework and annual bonus for the directors and senior management of the Group and ensured alignment of compensation to company performance and compensation offered is in line with market practice.

Board Assessment

Annual assessment has been conducted by the NRC towards the effectiveness and independence of the Board via questionnaires, led by the Chairman of the NRC with the support of the company secretary.

The Board Evaluation Form was conducted on the Board Committee and individual Director on a continuing basis as all the Directors are expected to conduct themselves with highest integrity and professionalism as well as to comply with all relevant legal and regulatory obligations.

Fit and proper policy has been adopted on 27 June 2022 and published on Company's website at www.asia-file.com to guide the NRC for the assessment and evaluation of the potential Directors on their new appointments and those who are seeking for election or re-election.

All assessments and comments from the evaluation are documented and discussed during the NRC meeting which were then tabled at the Board Meeting held hereafter. The results of the assessments are part of the Company's internal documents and will not be disclosed or provided to any other party.

Directors' Training

Directors are encouraged to attend seminars, talks, trade fairs, workshops and conferences to enhance their skills and knowledge and to ensure that they are kept abreast with new developments in the business environment, corporate governance and enhance their skills and knowledge.

During the financial year under review, the Directors had participated in various programmes and seminars as set out below:-

Directors	Programmes	Date
Dato' Lim Soon Huat	• Tax budget 2022	29 November 2021
	• Update on MCCG 2021	1 October 2021
Mr. Ng Chin Nam	• Webinar on budget 2022: Budget highlights and recent tax developments	15 November 2021
	• Update on MCCG 2021	1 October 2021
Pn. Nurjannah Binti Ali	• Navigating Tax Audit & Investigation	20 April 2021
	• Leadership Challenge	20 September 2021

Corporate Governance Overview Statement (continued)

Directors	Programmes	Date
Pn. Nurjannah Binti Ali	<ul style="list-style-type: none"> Recent Changes in MFRSs and the Common Pitfalls on the Application of MFRSs 	15 December 2021
	<ul style="list-style-type: none"> 30% of Women In Leadership Now! The Game Plan 	30 March 2022
Mdm. Lam Voon Kean	<ul style="list-style-type: none"> KPMG Board Leadership Centre Exclusive (in collaboration with HSBC) “Sustainable Finance: Making better financial decisions” 	09 April 2021
	<ul style="list-style-type: none"> Integrated Reporting IR: The ASEAN Experience 	19 April 2021
	<ul style="list-style-type: none"> Section 17A of the MACC Act 2009 	07 July 2021
	<ul style="list-style-type: none"> KPMG Board Leadership Centre Exclusive “The New Reality of Cyber Hygiene” 	21 July 2021
	<ul style="list-style-type: none"> IASB ED/2021/3 Disclosure Requirements in IFRS Standards 	26 July 2021
	<ul style="list-style-type: none"> Transfer Pricing War Stories 	18 August 2021
	<ul style="list-style-type: none"> KPMG Board Leadership Centre Exclusive “US Forced Labor Legislation: Impact on Corporate Malaysia” 	15 September 2021
	<ul style="list-style-type: none"> Updated Malaysian Code on Corporate Governance 2021 	29 September 2021
	<ul style="list-style-type: none"> The 2022 Budget: Insights From Dr Veerinderjeet Plus a Members Forum 	18 November 2021
	<ul style="list-style-type: none"> AOB Conversation with Audit Committees 	06 December 2021
	<ul style="list-style-type: none"> ICDM Power Talk Global Series 2021 – ASEAN Board Trends Survey 2022: What keeps You Awake at Night? 	13 December 2021
	<ul style="list-style-type: none"> ICDM Power Talk Global Series 2021 – Your biggest “S” in ESG: Sustainable Human Capital Management & Workplace Transformation 	14 December 2021
	<ul style="list-style-type: none"> ICDM Power Talk Global Series 2021 – Demystifying Investors’ ESG Expectations, the Do’s & Don’ts 	15 December 2021
	<ul style="list-style-type: none"> Special Voluntary Disclosure & Amnesty (“VA”) for Indirect Taxes 	22 December 2021
	<ul style="list-style-type: none"> Tax Governance: It’s Time to Embrace It 	13 January 2022
	<ul style="list-style-type: none"> Bursa Malaysia – TCFD 101 session: Getting started with climate-related financial reporting 	02 March 2022
	<ul style="list-style-type: none"> Bursa Malaysia – TCFD 102 session: Building experience in climate-related financial reporting 	09 March 2022

In addition to the above, Directors are updated by the management, company secretary and the external auditors on the latest material development on various relevant rules and regulations during the Committee and Board Meetings.

Directors’ Remuneration

NRC is responsible for evaluating and recommending to the Board a transparent and equitable remuneration policy and framework for the directors and senior management of the Group.

Corporate Governance Overview Statement (continued)

The NRC is guided by the following principles:

- a) Remuneration should reflect performance, complexity and responsibility with a view to attracting, motivating and retaining high performance individuals and promoting the enhancement of the Group's value to its shareholders;
- b) Remuneration practices are benchmarked against external market data to ensure staff are fairly remunerated;
- c) The process of remuneration management shall be transparent, conducted in good faith and in accordance with appropriate levels of confidentiality.

Details of the Directors' and senior management's remuneration in relation to Practice 7.1 and 7.2 of the MCCG 2021 are provided separately in the Corporate Governance Report.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee ("AC")

The AC is responsible for ensuring that the financial statements of the Group have been made out in accordance with the provisions of the Companies Act 2016 and applicable accounting standards, and that these provide a balanced and fair view of the financial state and performance of the Group.

The AC of the Group comprises of three (3) Independent Non-Executive Directors, all of whom are from strong accounting background. This will enable them to have a good understanding on matters discussed during the AC meetings in particular on accounts related and financial reporting issues.

During the year, AC organised two (2) private sessions with the external auditor without the presence of Executive Director and management. The meetings with the auditors provide a direct communication and enable the members of the Committee to assess the suitability, objectivity and independence of the external auditors. In addition, the Audit Committee also assesses the effectiveness of the internal auditors and evaluating the adequacy and efficiency of internal controls.

The detailed composition and summary of activities of the AC are set out separately under Audit Committee Report in this Annual Report.

Risk Management and Internal Control Framework

The Board assumes the overall responsibility for the Group's risk management and internal control system. AC will assist the Board in evaluating the adequacy of the effectiveness of the risk management and internal control framework adopted by the Group. This evaluation covers financial, operational, and compliance controls as well as the processes for identification, evaluation and management of the significant risks faced by the Group.

Details of the Group's Risk Management and Internal Control framework, activities carried out during the financial year under review and reporting processes are set out in the Statement on Risk Management and Internal Control in this Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with Stakeholders

The Group acknowledges the importance of communicating its business strategies, progress of strategic initiatives and performance to its shareholders and stakeholders regularly. Various channels of communication are used to build constructive relationship between the Group and its stakeholders.

Corporate Governance Overview Statement (continued)

All communications with analysts, investors and media briefings are channelled through the Executive Chairman and the Chief Financial Officer, who have regular dialogues with institutional investors and deliver presentations to analysts sporadically.

In compliance with the Listing Requirements and the Corporate Disclosure Guide from Bursa Securities, the Group issues timely and accurate quarterly statements via Bursa Securities and the Company's website. The Annual Report is continuously enhanced to take into account the latest development in the area of corporate governance and regulatory requirements. A copy of the Annual Report is disseminated to all shareholders, either in printed or electronic format.

The Group also maintains a corporate website at www.asia-file.com which provides information relating to, among others, annual reports, quarterly financial reports, corporate information, announcements etc. With this, the investing public and other stakeholders are kept abreast on the business progress and development of the Group.

Conduct of General Meetings

The Board views the Annual General Meeting ("AGM") as the primary forum to communicate with shareholders. AGM held each year provide an excellent platform for shareholders to participate in the question and answer session. Beyond the proposed resolutions, the AGM also serves as an avenue to share updates on the Group's performance as well as future business plans and strategies with shareholders.

The Notice of AGM was issued to shareholders at least 28 days ahead as per the requirement of Companies Act 2016 and Listing Requirements in order to provide sufficient time for shareholders to review the Notice of AGM and appoint proxies to attend the AGM if necessary.

In view of the ongoing COVID-19 pandemic and as part of the Group's safety measures, the Company's 27th AGM was held in a virtual manner through live streaming and online remote participation by using Remote Participation and Voting ("RPV") Facilities via online meeting platform at www.agriteum.com.my.

Shareholders are encouraged to submit questions to the Board in advance before the AGM via AGRITEUM portal at www.agriteum.com.my and the questions received were addressed at the AGM.

At the 27th AGM, the Executive Chairman and Chief Financial Officer were present at the broadcast venue while other Directors, Company Secretary, and External Auditors participated through video conferencing to address any issues brought up by the shareholders.

Online electronic poll voting was conducted for all resolutions set out in the Notice of AGM. The Directors addressed questions raised by the shareholders on the proposed resolutions before putting the resolution to a vote. AGRITEUM Share Registration Services Sdn. Bhd. was appointed as the Poll Administrator to conduct the poll by way of electronic means while Symphony Merchant Sdn. Bhd. was appointed as Independent Scrutineer to verify the poll results at the AGM. All resolutions proposed were duly passed and the outcome of the AGM was announced to Bursa Securities on the same meeting day.

The minutes of the 27th AGM together with the Company's responses to all questions received before and during the AGM were made available to shareholders at the Company's website within thirty (30) business days after the AGM.

This Statement is made in accordance with a resolution of the Board dated 14 July 2022.

Audit Committee Report

The Board is pleased to present the following report on the Audit Committee and its activities for the financial year ended 31 March 2022.

Audit Committee Composition and Attendance

The Audit Committee comprises of three (3) members, all of whom are Independent Non-Executive Directors. The Chairman of the Audit Committee, Mr. Ng Chin Nam is a member of the Chartered Institute of Management Accountants ("CIMA"). Coming from strong accounting background, all members of the Audit Committee are equipped with the necessary knowledge to analyse and interpret financial statements in order to effectively discharge their duties and responsibilities.

The Audit Committee meets at least four (4) times annually. In addition, at least twice (2) a year, the Audit Committee meets with the external auditors without the Executive Directors and management being present.

Meetings of the Audit Committee were attended by the Company Secretary. Minutes of each meeting were distributed and confirmed by all members.

Composition and attendance at the Audit Committee meetings during the year are as follows:-

Composition	Dates of Meeting				Total Meeting Attended
	28 May 2021	27 Aug 2021	26 Nov 2021	28 Feb 2022	
Mr. Ng Chin Nam (Chairman, Independent Non-Executive Director)	✓	✓	✓	✓	4/4
Pn. Nurjannah Binti Ali (Independent Non-Executive Director)	✓	✓	✓	✓	4/4
Mdm. Lam Voon Kean (Independent Non-Executive Director)	✓	✓	✓	✓	4/4

Upon invitation by the Audit Committee, the Chief Financial Officer, Head of Internal Audit Department ("IAD") and External Auditors attended the Audit Committee meetings and presented their reports on financial results, audit and other matters for the information and/or approval of the Audit Committee.

The Terms of Reference of the Audit Committee is accessible on the Company website at www.asia-file.com.

Summary of Activities during the Year

The Audit Committee carried out its duties and responsibilities in accordance with its terms of reference. The main activities carried out by the Committee during the year were as follows:-

1. Financial Reporting

- Reviewed the unaudited quarterly and annual audited financial statements of the Group and recommended them to the Board for approval. The reviews were carried out together with the Chief Financial Officer who will provide any explanation or clarification required by the members of the Audit Committee.
- The focus of review was on:-
 - Changes in or implementation of major accounting policies;
 - Significant matters highlighted by management or the external auditors, including financial reporting issues, significant judgements made by management, significant and unusual events or transactions, and how these matters were addressed; and
 - Compliance with accounting standards and other legal or statutory requirements.

Audit Committee Report (continued)

2. External Audit

- a) Reviewed with the external auditors:-
 - Their audit plan which included the audit strategy and scope of work for the year; and
 - The results of their annual audit, audit report and management letter together with the management's response to their findings.
- b) Held two (2) meetings with the external auditors without the presence of the Executive Directors or management to reinforce the independence of the external audit function of the Company.
- c) Evaluated the performance, effectiveness and independence of the external auditors and made recommendations to the Board on their appointment and remuneration.

On 28 February 2022, prior to the commencement of the audit, the external auditors BDO PLT, presented a summary of their audit plan and strategy which outlined the engagement team, materiality, audit scope, methodology, potential key audit matters and focus areas to the Audit Committee. An audit status presentation by the external auditors to the Audit Committee was carried out on 30 May 2022. The presentation provided a summary of the external auditor's key findings arising from the audit of the consolidated financial statements as at and for the year ended 31 March 2022. No major issues which warrant any specific attention was highlighted during the meetings with the external auditors.

3. Internal Audit

- a) Reviewed and approved the Annual Audit Plan to ensure adequate scope and comprehensive coverage over the activities of the Group and ensured that all high risk areas are audited annually.

During the year, the Internal Audit Plan for the period from 1 April 2022 to 31 March 2023 was presented by the Head of the Internal Audit Department ("IAD") and was subsequently approved by the Audit Committee on 28 February 2022.

- b) Reviewed the internal audit reports which were tabled during the year, the audit recommendations made and management's response to these recommendations. Where appropriate, the Committee has directed management to rectify and improve control procedures and workflow processes based on the internal auditors' recommendations and suggestions for improvement.
- c) Monitored the corrective actions taken on the outstanding audit issues to ensure that all the key risks and control weaknesses have been addressed.
- d) Held separate meetings with the internal auditor, without the presence of the management, to discuss any problems and reservations.

4. Other Activities

- a) Reviewed the Audit Committee Report, Statement on Risk Management and Internal Control, Corporate Governance Overview Statement and Corporate Governance Report prior to recommending to the Board for approval.
- b) Reviewed the related party transactions to ensure that they were properly accounted for and disclosed in the Annual Report.

Training

During the financial year 2022, all members of the Audit Committee have attended various seminars, training programs and conferences. The details of trainings attended are disclosed in the Corporate Governance Overview Statement of this Annual Report.

Internal Audit Function

The Audit Committee is aware of the importance of an independent and adequately resourced internal audit function in discharging its duties and responsibilities. The Group's IAD assists the Audit Committee in reviewing the effectiveness of the Group's internal control systems whilst ensuring that there is an appropriate balance of controls and risks in achieving its business objectives. The IAD also carries out investigative audit where there are improper, dishonest and illegal acts reported.

The IAD reviews the effectiveness of the internal control structures over the Group's activities focusing on high risk areas using a risk-based approach. All high risk activities in each auditable area are audited annually.

The scope of internal audit covers the audits of all key operating units and follow-up audits on all key departments and operations, including subsidiaries within the Group in accordance with the approved Internal Audit Plan. The findings and recommendations were highlighted to the management for their comments and necessary action. The internal audit reports are presented and reported by the Head of the IAD to the Audit Committee on a quarterly basis.

During the financial year 2022, total costs incurred for the Internal Audit function comprising staff payroll and benefits, training, travelling and incidental costs amounted to approximately RM 252,000 (2021: RM 202,000).

This Report is made in accordance with a resolution of the Board dated 14 July 2022.

Statement On Risk Management And Internal Control

Introduction

The Board is pleased to provide the following statement which outlines the nature and scope of the risk management and internal control of the Group during the financial year under review. The associated company of the Group has not been dealt with as part of the Group for the purpose of applying this guidance.

Board's Responsibility

The Board acknowledges its responsibility for the adequacy and effectiveness of the Group's risk management and internal control system which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and effectiveness.

The Board recognises that a good control system will assist the achievement of corporate objectives. However, in view of the limitations inherent in any system of internal control, the system is designed to manage rather than eliminate the risk of failure to achieve corporate objectives. Hence, it can only provide reasonable, but not absolute assurance against material misstatement or loss.

Risk Management and Internal Control

The Board recognises that risk is inherent in its business activities. The Board has established an ongoing process for identifying, evaluating and managing significant risks faced by the Group and this is integrated into the Group's risk management and internal control system. This process has been in place throughout the financial year and up to the date of approval of this statement. In line with Part II of Principle B of the Malaysian Code on Corporate Governance 2021, an Enterprise Risk Management ("ERM") Framework has been designed to ensure proper management of risks so as not to impede the achievement of the Group's goals and objectives. The framework summarized the key principles of ERM Framework, risk assessment approach and process, and the roles and responsibilities of each level of management in the Group. The Group does not adopt any one risk management standard or guideline as it believes that it will be more beneficial to tailor the approach based on the specific circumstances of the Group.

The responsibility to manage the risks resides at all levels within the Group. The daily operational risks such as receivable monitoring, health and safety, regulatory compliance, product defects and others are mainly managed at the key operating units which will be guided by the established operating procedures. Key business and critical risks which have significant impact on the operations of the Group such as business sustainability, project expansions, and product diversification are managed at the top management level of key operating units.

The Group has adopted the Guidelines on Adequate Procedures pursuant to Subsection (5) of Section 17A under the Malaysian Anti-Corruption Commission (Amendment) Act 2018 to prevent, detect and respond to bribery and corruption risks. The Group has put in place the Anti-Bribery and Anti-Corruption System ("ABAC"), sets out the Code of Business Conduct for Third Parties, Code of Ethics and Conduct for Employees and Directors and the Whistleblowing Policy. The Group's Anti-Bribery and Anti-Corruption Policy as well as the Code of Ethics and Conduct for Employees and Directors and the Whistleblowing Policy can be found at Asia File's website. The ABAC has been provided to all subsidiaries for adoption, subject to customisation for local laws and the respective business environments.

Statement On Risk Management And Internal Control (continued)

The Group's current risk governance structure consists of the followings:-

The Board

- Assume the overall responsibility for the Group's risk management and internal control system;
- Review and approve the various internal control procedures and improvement plans recommended by the Senior Management and Heads of Operating Units ("HOU");
- Ensure the adequacy and effectiveness of the Group's internal control systems in order to accommodate the changes in business environment or regulatory requirements.

Audit Committee

- Assist the Board in evaluating the adequacy of risk management and internal control framework;
- Review and approve Internal Audit Plan submitted by the Internal Audit Department ("IAD");
- Quarterly review and approve the internal audit report presented by the IAD.

Senior Management and Heads of Operating Units

- Establish, formulate and recommend sound internal control procedures to be adopted by individual operating unit;
- Oversees the effective implementation of risk policies and guidelines, and cultivation of risk management culture within the Group;
- Review and monitor periodically the status of the Group's principal risks and the required mitigation actions.

Internal Audit Function

- Assist the Board to monitor the adequacy and effectiveness of the risk management processes and internal control systems that are in place within the Group;
- Play an active role in evaluating whether the existing controls and procedures have been properly implemented and adhered to within the Group;
- Ensure the implementation of corrective and preventive action plans ("CPAP") and meeting the agreed deadlines.

Internal Audit Function

The Group has an in-house IAD which is under the purview of the Audit Committee and is independent of the activities they audit. The IAD consists of four (4) full time staff and led by Ms Lim Hooi Cheng who has an in depth knowledge of the Group's operation. She obtained her Master in Business Administration ("MBA") from University Utara Malaysia and is also a member of Malaysian Institute of Accountants ("MIA").

A risk-based Internal Audit Plan which entails the scope of audit, audit timeline and the risk profile of each audit unit will be prepared and presented to the Audit Committee for approval. The following internal audit plans were reviewed and approved by the Audit Committee:-

Approved on	Period covered
28 November 2020	1 January 2021 – 31 March 2022
28 February 2022	1 April 2022 – 31 March 2023

Internal audits are carried out on all departments and operating units, the frequency of which is determined by the level of risk assessed. During the year under review, the IAD had conducted the audits covering the areas of:-

1. Facility service and maintenance review
2. Health and safety management
3. Inventory management
4. Legal and regulatory compliance
5. Review on accounts and finance
6. Review on local branch operation controls
7. Review on new products development
8. Review on procurement controls
9. Review on UK subsidiaries operation controls
10. Security review
11. Review on shipping and logistic controls

Statement On Risk Management And Internal Control (continued)

The audits are carried out based on the detailed audit procedures as stated on the audit program designed for each of the audit area. A risk-based approach is adopted in establishing the Internal Audit Plan. Risk Registers for the various processes undertaken by the individual department are set up to identify major risks for such processes. The registers of key operating units will document the potential impact of those risks, the existing control mechanism available to mitigate the risk and also the recommended control measures to be adopted. The internal audit program will be updated subsequently to take into consideration the changes in the risk profile.

Upon completion of each audit, an initial report will be issued to the respective HOU in which major audit findings will be highlighted. A deadline will be given for the respective HOU to respond and provide an appropriate CPAP. IAD will review the responses received and a meeting will be held to discuss on the above. During the meetings, a deadline will be mutually agreed to implement the rectifying actions listed under the CPAP.

An internal audit monitoring worksheet will be created to enable the IAD to closely monitor on the implementation of the CPAP. Depending on the severity of the risks identified, it may warrant a re-audit within a shorter period as opposed to the predetermined timetable. In addition, various routine reviews are also conducted to ensure compliance with the established operating procedures.

In the event that new operating procedures or control mechanisms are introduced to strengthen the internal control system, IAD will provide training support to the Group upon request or where necessary, to ensure that the established risk management process is carried out appropriately. Observations arising from the internal audit are presented, together with Management's response and proposed action plans, to the Audit Committee for its review and approval on a quarterly basis. Although a number of internal control weaknesses were identified during this process, none of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report.

Conclusion

The Board has reviewed and believes that the risk management and internal control frameworks are adequate. Appropriate mitigating activities and control procedures are put in place to deal with any identified weaknesses. During the year, the Group has also taken all the necessary measures relating to health, safety and business continuity to mitigate the impact of the COVID-19 pandemic that has affected businesses globally.

The Board is of the opinion that the Group's overall risk management and internal control system are operating adequately and effectively in all material aspects and have received the same assurance from both the Executive Chairman and Chief Financial Officer of the Group.

There were no material losses incurred during the financial year under review as a result of deficiencies in internal control. The Group will continue to review and implement measures to improve the risk management and internal control environment of the Group.

This Statement is made in accordance with a resolution of the Board dated 14 July 2022.

Introduction

At Asia File, we emphasize not only the operational profitability but also the importance in managing economic, environmental and social risks and opportunities in order to sustain long-term business continuity. We believe that in addition to driving social and environmental change, sustainability initiatives can contribute to an organization's overall success.

Asia File's Sustainability Report aims to provide a formal account of the year's sustainability strategies and action plans, the Group's sustainability achievements, as well as the overall positive impact that these efforts created for its business, the environment and society at large.

This Sustainability Report is prepared in accordance with the guidelines set out in the Main Market Listing Requirement relating to Sustainability Statement in Annual Report of Listed Issuers issued by Bursa Malaysia Securities Berhad and covers the Group's business operations for the financial year ended 31 March 2022.

Governance Structure

The Board has oversight over all sustainability matters of Asia File and leads the Group in embedding sustainability as part of our business strategy going forward. The Board will consider economic, environmental, social and governance ("EESG") issues in the development of the Group's strategy. EESG issues that are material to value creation are integrated into our business strategies and management processes. Senior Management who manages the implementation of sustainability matters at their respective operation units assist the Board to ensure that intended goals and objectives are met. Periodical checks will be conducted by Internal Audit Department in order to ensure the compliance by all operation units.

Stakeholder Engagement

Stakeholders represent the diverse group of parties that have a degree of interest and influence on the Group and the way it operates. A range of communication channels with relevant stakeholders are made available to engage with them as well as to collect their feedback. Such engagements are essential as obtaining their valuable views and feedbacks would identify sustainability opportunity or risks in which the Group may not have otherwise considered.

Through the engagements, stakeholders' feedbacks will help us determine our material topics and identify our focus area:

Group	Types of Engagement	Focus Area
Shareholders & Investors	<ul style="list-style-type: none"> Annual General Meetings Annual Reports Announcements Corporate website Correspondences with analysts /shareholders Press releases 	<ul style="list-style-type: none"> Business performance and direction Consistent profitability and dividends from the Group Maximisation of shareholders' value Sustainability agenda Good EESG practices
Suppliers	<ul style="list-style-type: none"> Supplier evaluation forms Supplier engagements and meetings 	<ul style="list-style-type: none"> Sustainability and consistency in supply Quality of goods and services Compliance with suppliers' code of conducts

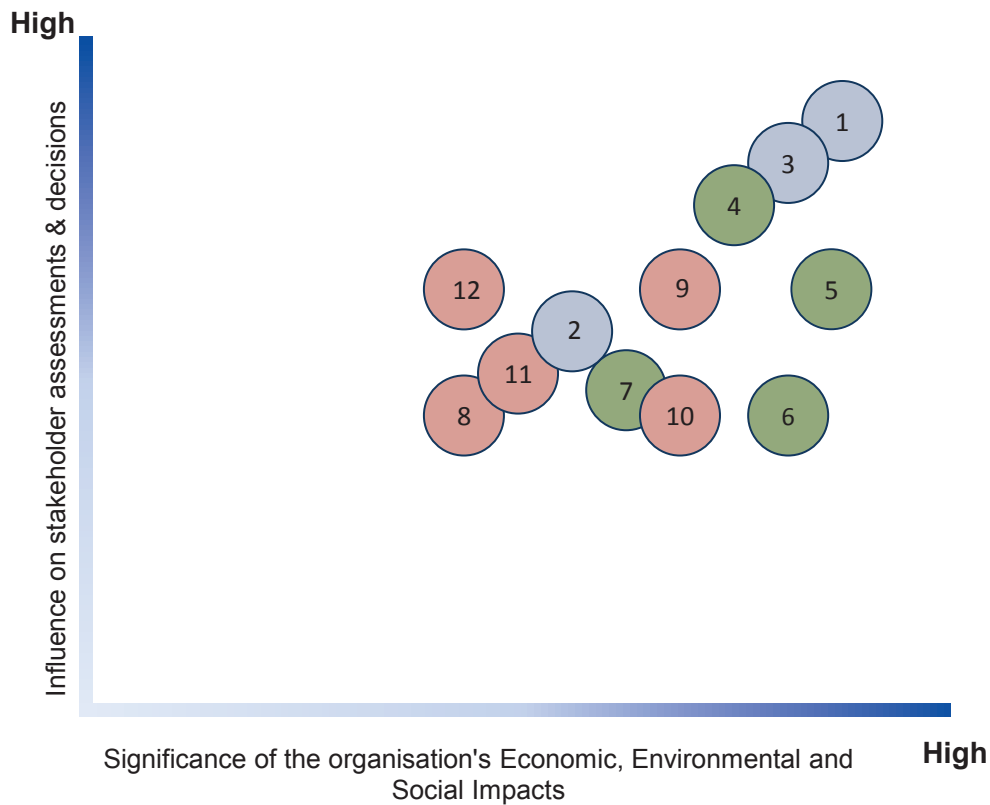
Sustainability Report (continued)

Group	Types of Engagement	Focus Area
Customers	<ul style="list-style-type: none"> • Customer surveys/reviews • Frequent customer engagements and interactions • Periodical visits and audits by customers 	<ul style="list-style-type: none"> • Quality of goods & services • Environmental practices • Timely delivery
Employees	<ul style="list-style-type: none"> • Regular dialogues • Annual performance appraisal & employees recognition • Team bonding events • Regular safety inspections 	<ul style="list-style-type: none"> • Remuneration and benefits • Training and career development opportunities • Health and safety (especially COVID-19 related issues) • Work-life balance and job satisfaction
Regulators & Government Authorities	<ul style="list-style-type: none"> • Industry seminars and focus group discussions • Regular inspection by local authorities 	<ul style="list-style-type: none"> • Compliance with related laws and regulations • Corporate governance • Standard Operating Procedures (“SOP”) on Covid-19 screening and preventive measures
Local Communities	<ul style="list-style-type: none"> • Corporate social responsibility programs • Sponsorships • Corporate donations • Announcements / disclosures 	<ul style="list-style-type: none"> • Contributions to our community • Environmental protection

The Group acknowledges that sustainable growth is dependent on meeting and exceeding the expectations of our key stakeholders. Prior to its implementation and execution of sustainability approaches, the Group has continuously strived to ensure that stakeholder’s feedbacks are reasonably considered and the approaches are aligned with its stakeholders’ expectation.

Materiality Assessment

The materiality assessment was conducted internally based on engagements with stakeholders carried out during the financial year. The materiality assessment enables us to identify and prioritising potential key sustainability risks and opportunities that may impact the Group's business operations and key stakeholders. Results of the assessment are mapped out in the materiality matrix below:



Economic	Environmental	Social
1. Revenue & Profitability 2. Community Engagement 3. Business Integrity	4. Compliance 5. Sustainability Sourcing 6. Energy and Water Cost Saving 7. Waste Management	8. Workforce Diversity & Equal Opportunity 9. Health & Safety 10. Human Capital & Employee Welfare 11. Human Rights 12. Social Contribution

Economic Sustainability

a) Revenue & Profitability

The Group recognises the importance of generating positive economic performance in order to sustain the operation of the business on long term basis. The group has constantly evolved to fit and meet the ever changing requirements of the business environment through products diversification. It continues to strive for improved performance in its operations and has successfully generated sustainable profits over the years through the continued pursuit of new business opportunities, identifying latest business trends and improving its operation efficiencies and capabilities.

In order to achieve long term sustainability goals, the Group has diversified its product range to include consumer and food wares products such as plastic container and storage box, paper and plastic lunch box, paper bowl and paper cups. During the year, the Group has also launched these products on the local E-commerce platform. The successful launching of these products is a strong testament of the group's competitiveness in term of product quality, service level and pricing.

The above initiatives will reinforce the Group's business performance and sustainability.

b) Community Engagement

Through the business activities carried out at the Group's various facilities, it helps to create value for the local workforce through employment opportunities while contributing to national economies by developing mutually beneficial business relationships with local small and medium enterprises. Aside from recruiting retirees who are qualified for job vacancies, we have also outsourced some of assembly and packing duties to the disabled group, providing them with an opportunity to make a sustainable living.

c) Business Integrity

Business integrity and ethics form the key foundation to the success of our business. The Group has placed great emphasis on this area and will continue its effort to maintain high standards of corporate ethics and strict compliance with laws and regulations in its operations at all times.

We will be guided by our Code of Ethics & Conduct, which among others, promote zero tolerance towards fraud, corruption and money laundering. Our Anti-Bribery & Anti-Corruption Policy provides guidance to all employees on how to deal with bribery and corruption related issues. Under this policy, it will be prohibited for Directors and employees to offer or receive gifts, be it in cash or other gratifications, except for customary gifts of modest nature during festive or special occasions in order to avoid conflict of interest when carrying out their job responsibilities.

The group has put in place a Whistleblowing Policy which sets out the internal channel and reporting procedures for disclosure of any unethical and improper business conducts that would affect the interest of the Group and its stakeholders, and the protection accorded to whistle blowers who disclose such allegations in good faith.

These policies are communicated to all employees and they are reminded that stern disciplinary action including termination of employment will be taken against them if they are found to have breached these policies.

Environmental Sustainability

a) Compliance

The Group has put into consideration safety and environmental factors in all its operational decisions and continuously explores possible opportunities to minimise any adverse impact from its manufacturing operations. As a manufacturer dealing with papers and plastics materials, the Group places great emphasis on compliance with the environmental rules and regulations set by the various governing authorities both locally and abroad.

b) Sustainability Sourcing

The Group acknowledges the positive consequences of an efficient and sustainable supply especially in the aftermath of the Covid-19 pandemic. The pandemic has caused unprecedented disruption to the global supply chain and the issue was exacerbated by the Russia-Ukraine war, worldwide port congestion and escalating operation cost in particular the spiraling energy cost.

In order to ensure consistent supply of materials, the Group has taken actions to mitigate the risks by actively pursuing alternative sources of supply or substitution of materials. In addition, the Group has also taken proactive steps to plan production well ahead of time and conduct regular review on its inventory management in order to allow sufficient time to react and rectify any potential supply issues.

In order to minimize environmental impact from our operations, our paper mill in the United Kingdom manufactures environmental friendly bio-degradable paper products from recycled materials. The paper mill is accredited with ISO 14001 - *Environmental Management* and it prides itself in offering products with strong environmental ethics such as Blue Angel, Program for the Endorsement of Forest Certification ("PEFC") and Forest Steward Council ("FSC").



c) Energy and Water Cost Saving

The Group has been continuously devoting efforts to reduce the usage of electricity and water as well as carbon footprint. As part of its measures to save energy, we have initiated installation of solar panels to generate clean energy from sunlight since FY2019. To date, the Group has invested more than RM6 million on solar installation projects on all its major manufacturing sites in Malaysia. The installation has successfully generated approximately 23% of the electricity consumed by the premises involved in the projects. Additional budget has been set aside to extend the installation on its oversea operating premises pending the outcome of the project evaluation.

We have also initiated a drive to reduce electricity and water consumption via regularly monitoring the usage and carrying out routine checks to ensure all piping, water valves and relevant equipment are in good condition and no wastage occurs.

d) Waste Management

The Group has put in place various steps to reuse and recycle waste products. We have installed recycling machines at our various plants which are involved in recycling plastics waste to be reused in production in order to optimize usage of plastic material.

The Group has appointed government approved waste contractors to dispose of those wastes that could not be reused or recycled. The Group ensures that all hazardous materials or wastes such as ink and solvents are to be stored in safe places and to be disposed of in an appropriate manner through authorised contractors. Materials that make up e-waste such as batteries, hand phone, charger, computer equipment and other electronics accessories are known to contain toxic and harmful substance which may result in serious impact on human health and environment. During the financial year under review, we have organised "E-waste Collection" Programme to encourage our employees to dispose of such E-wastes in an appropriate way.



E-WASTE



A total of 63kgs of e-waste was collected

We have continuously instilled awareness among our employees on environment conservation through the 3R Concept (“Reduce, Reuse and Recycle”). Recycle bins are provided to encourage waste segregation for proper recycling and disposal purposes.

Our “Save Paper Save Tree” campaign also encourages and educates employees to reduce paper consumption by going paperless. If there is a need to print, employees are urged to print documents double-sided or print on recycled printed papers.

Social Sustainability

a) Workforce Diversity & Equal Opportunity

Our equality policy emphasizes the importance of equal employment opportunities and practices with no discrimination against employees on basis of gender, age or ethnicity. The Group is committed to building a diverse workforce and providing a workplace that nurtures inclusion, equity and respect for all.

We strive to promote a positive work culture and fair employment where all our employees are treated with the utmost dignity and enjoy equal career opportunities regardless of age, race, gender, religion, marital status or disability. Employees’ performance, expected roles and responsibilities and the Group’s financial performance are among the keys to determine the employees’ remuneration. As part of our commitment to having a well-balanced gender ratio, the Group supports women in management positions as we continue to recruit, groom, retain and promote women in our workforce.

b) Health and Safety

Health and Safety continues to be a key priority at Asia File’s group. We place great emphasis on maintaining a safe and healthy workplace for our employees, business partners and visitors and at the same time safeguard the Group against any legal liabilities. To achieve this, detailed operating procedures are in place so that operations are in compliance with rules and regulations currently in force. Regular trainings and briefings are conducted to instill awareness on safe work culture and ensure that all employees are equipped with adequate knowledge and skill to perform their tasks respectively. Our Health & Safety Committee and Internal Audit Department play an important role in ensuring the effectiveness of the policies and procedures and also strict adherence by all employees.

Sustainability Report (continued)

The following measures are being put in place to create a safe and healthy workplace:-

- Checking on potential health & safety risks were carried out regularly;
- Health & Safety Committee will conduct quarterly meeting in order to monitor and manage the relevant health and safety policies and procedures;
- Perform frequent inspections on buildings and equipment to ensure safety working procedures are strictly adhered to;
- Regularly review on safety procedure and providing training on safety awareness such as operations of motorized vehicle and machineries to ensure that our employees are kept abreast with the required skills and knowledge;
- Provision of personal protective equipment to production employees;
- Carry out fire safety audits and drills;
- Set up emergency response team at each plant; and
- Strict disciplinary action taken against violation of any health and safety rules and policies.

Responses to Covid-19 Pandemic

In support of the Malaysia Government's drive to vaccinate the population against COVID-19, we encouraged all employees to be fully vaccinated through the National COVID-19 Immunisation Programme, the Public-Private Partnership COVID-19 Industry Immunisation Programme ("PIKAS") or the AstraZeneca Voluntary Opt-in Programme. Paid vaccination leave were given to vaccinated employees and regular testing are conducted to early detect any potential infection among employees.



In addition to this, we have implemented various control measures and SOPs in compliance with Ministry of International Trade and Industry ("MITI") guidelines to create a safe work environment:-

- Implementation of Emergency Response Protocol;
- Educate all employees on the SOPs and raise awareness on the risk and danger posed by COVID-19 pandemic;
- Mandatory wearing of face mask;
- Conduct temperature screening on all visitors and ensure that only vaccinated visitors are allowed to enter factory premises;

Sustainability Report (continued)

- Implemented face recognition attendance system in order to prevent the spread of viruses through contact;
- Installed hand sanitisers in various corners in the premises to promote frequent hand washing;
- Performing regular housekeeping practices including routine cleaning and disinfecting of surfaces and equipment;
- Virtual meeting arrangement to avoid mass gathering/ clusters;
- Practices social distancing by installing partitions in the canteen and marking of lines on the floor in the common areas to ensure proper distancing and avoid overcrowding; and
- Prompt identification of employees at risk so that they could be isolated in time to curb potential spreading of virus.

Engaging with Shareholders in the New Normal

To safeguard shareholders while engaging with them during the pandemic, the Company went on to organise its first virtual Annual General Meeting (“AGM”) on 30 September 2021 and Extraordinary General Meeting (“EGM”) on 4 March 2022. The Executive Chairman and Chief Financial Controller were present at broadcast venue while all non-independent Directors, Company Secretary, External Auditors, and shareholders participated virtually. We noted an encouraging response from shareholders through live streaming and online remote participation by using the Remote Participation and Voting Facilities provided.

c) Human Capital & Employee Welfare

Employees are one of the most valuable assets an organization has. One of our key corporate responsibilities is the development of human capital. We strive to ensure employees are allowed two-way communication through various initiatives. An intranet portal which is freely accessible by all employees provides latest information as well as updates on internal policies and operation process flows. A grievances policy is established as a mechanism for employees to raise their grievances and ensuring such grievances are dealt with in a prompt and fair manner in accordance with other related policies of the Group.

We conduct yearly performance appraisal review which provides an excellent platform for feedback and communication between employees and Head of Departments (“HOD”) in discussing career advancement, areas of improvement and also training requirements.

For new joiners, the confirmation review creates a sharing session between Human Resources Department and new joiners to understand concerns or issues faced in relation to job scope, working environment and employee welfare.

By maintaining a healthy work-life balance, we strongly believe that employees can improve their productivity and ultimately their performance. All employees are entitled to a range of benefits which promote employee’s well-being and productivity.

The continuous personal development of employees is vital to our sustainable success. HOD will plan the training programs for their subordinates based on their specific needs and also in line with their career progression. Various in-house programs and job-skills related trainings were conducted to equip employees with improved skills and knowledge. Employees are encouraged and sponsored to attend external seminars and workshops to keep them abreast of new developments in their respective field of expertise.

As most events and activities in FY 2022 will have to be cancelled due to the COVID-19 pandemic, only a few activities have been organised such as festive celebrations and Long Service Awards with strict compliance to COVID-19 SOPs.

Sustainability Report (continued)

The Group's Long Service Awards which is awarded bi-annually, reinforces best behaviours, highlights achievements and showing appreciation to employees for their efforts and dedication.



A total of 36 employees received the Long Service Awards.

d) Human Rights

The Group uphold steadfastly to its principle of showing respect and protecting human rights in all areas of its operations. Any recruitment of child labour as well as any forms of slavery and human trafficking is strictly prohibited.

Our Slavery and Human Trafficking Statement describes the Group's approach in identification of slavery risks and steps taken to prevent slavery and human trafficking within the Group.

e) Social Contribution

We support community activities and contribute positively towards social development and community welfare.

The Group has fully sponsored the printing of the "Penang City Eye", a quarterly free pictorial magazine dedicated to promoting Penang's culture and heritage. The magazine, creatively written, aims to foster a new understanding of and appreciation for Penang's lifestyle, customs and creative endeavours. It is available from arts and lifestyle establishments such as cafes, restaurants, schools and homestay houses in Penang.

As part of the Group's community-based response to the pandemic, we reached out to impacted families within the community. During the year, we held a community-focused charitable event with visit to non-profit welfare home for under privilege children. During such visits, cash and essential items were donated to the children and families.



Additional Compliance Information

The information set out below is disclosed in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad:

1. Utilisation of Proceeds Raised from Corporate Proposals

There were no proceeds raised by Asia File Corporation Bhd (“the Company”) from any corporate proposal during the financial year.

2. Share Buy-back

No shares of the Company were purchased during the year pursuant to the Shares Buy Back scheme.

3. Employees’ Share Option Scheme (“ESOS”)

The Employees’ Share Option Scheme (“ESOS”) of the Company was approved by shareholders at the Extraordinary General Meeting held on 4 March 2022.

The effective date for implementing the ESOS is 8 March 2022, which is the date of full compliance of the ESOS in accordance with Paragraph 6.43(1) of the Listing Requirements.

4. Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies during the financial year.

5. Audit and Non-audit Fees

Fees for statutory audit paid to BDO PLT or its affiliates by the Company and the Group for the financial year amounted to RM23,500 and RM381,300 respectively.

Fees for non-audit services paid to BDO PLT or its affiliates by the Company and the Group for the financial year amounted to RM8,000 and RM18,764 respectively.

6. Variation in Results

There were no profit estimates, forecasts or projections made or released by the Company for the financial year ended 31 March 2022.

7. Profit Guarantee

The Company did not provide any profit guarantee during the financial year.

8. Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving directors’ and major shareholders’ interests, either still subsisting at the end of the financial year or entered into since the previous financial year.

9. Recurrent Related Party Transactions of a Revenue or Trading Nature

Details of transactions with related parties undertaken by the Asia File Group during the period under review are disclosed in Note 31 to the Financial Statements.

Compliance Statement

The Group has complied with the relevant principles and practices of the MCCG in so far as they are applicable to the Group. The explanation for departure from the practices are available in the Corporate Governance Report.

Directors Report For The Year Ended 31 March 2022

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2022.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding, commission agent and provider of management services. The principal activities and the details of the subsidiaries are disclosed in Note 9 to the financial statements.

There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year	<u>43,372,470</u>	<u>55,808,011</u>
Profit attributable to:		
Owners of the parent	43,400,460	55,808,011
Non-controlling interests	(27,990)	-
	<u>43,372,470</u>	<u>55,808,011</u>

DIVIDENDS

Dividends paid, declared and proposed since the end of the previous financial year were as follows:

	Company RM
In respect of financial year ended 31 March 2021:	
Single tier final dividend of 1.5 sen per ordinary share, paid on 28 October 2021	<u>2,921,386</u>

The Directors recommend a single tier final dividend of 2.0 sen per ordinary share, amounting to RM3,895,181 in respect of the financial year ended 31 March 2022, subject to the approval of members at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

Directors Report For The Year Ended 31 March 2022 (continued)

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year.

REPURCHASE OF OWN SHARES

At the Annual General Meeting held on 30 September 2021, the shareholders of the Company by an ordinary resolution renewed the mandate given to the Company to repurchase its own shares based, amongst others, on the following terms:

- (i) The number of shares to be repurchased and/or held as treasury shares shall not exceed 10% of its existing issued and paid-up share capital of the Company;
- (ii) The amount to be utilised for the repurchase of own shares by the Company shall not exceed the total retained earnings of the Company at the time of purchase; and
- (iii) The Directors may retain the shares so repurchased as treasury shares and may resell the treasury shares and/or distribute them as share dividend and/or cancel them in a manner they deem fit in accordance with the provisions of the Companies Act 2016 in Malaysia and listing requirements and applicable guidelines of Bursa Malaysia Securities Berhad.

The Company has the rights to retain, cancel, resell and/or distribute these shares as dividends. As treasury shares, the rights attached to them as to voting, dividends and participation in any other distributions or otherwise are suspended.

The Company did not repurchase its own shares during the financial year.

As at 31 March 2022, the Company held a total of 500 ordinary shares as treasury shares out of its 194,759,560 issued and fully paid ordinary shares. Such shares are held at a carrying amount of RM2,131 and further relevant details are disclosed in Note 17 to the financial statements.

DIRECTORS

The Directors who have held office during the financial year and up to the date of this report are as follows:

Asia File Corporation Bhd.

Dato' Lim Soon Huat

Ng Chin Nam

Lam Voon Kean

Chua Hooi Luan

Nurjannah Binti Ali

(Appointed on 30 June 2022)

(Retired on 30 June 2022)

Directors Report For The Year Ended 31 March 2022 (continued)

DIRECTORS (continued)

The Directors who have held office during the financial year and up to the date of this report are as follows (continued):

Subsidiaries of Asia File Corporation Bhd.

Dato' Lim Soon Huat
 Datin Khoo Saw Sim
 Chan Sook Chin
 Goh Phaik Ngoh
 Hubertus Rohe
 Lim Chin Chin
 Lim Hooi Ling
 Lim Mei Chin
 Rodney Christopher Martin
 Lim Soon Hee
 Lim Soon Wah (Resigned on 29 July 2021)

DIRECTORS' INTERESTS

The Director holding office at the end of the financial year and his beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 31 March 2022 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	[----- Number of ordinary shares -----]		
	Balance as at 1-4-2021	Bought	Sold
Shares in the Company			
<u>Direct interest:</u>			
Dato' Lim Soon Huat	2,882,955	-	-
			2,882,955
<u>Indirect interest:</u>			
Dato' Lim Soon Huat #	88,116,911	-	-
			88,116,911

Deemed interest by virtue of shareholdings held through the spouse and/or children pursuant to Section 59(11)(c) and shareholdings in Prestige Elegance (M) Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

By virtue of Section 8(4) of the Companies Act 2016 in Malaysia, Dato' Lim Soon Huat is deemed interested in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

Other than those disclosed above, none of the other Directors holding office at the end of the financial year held any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors Report For The Year Ended 31 March 2022 (continued)

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for any benefits which may be deemed to have arisen by virtue of the transactions mentioned in Note 31 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REMUNERATION

The fees and other benefits of the Directors of the Company who have held office during the financial year ended 31 March 2022 are as follows:

	Group RM	Company RM
Fees	312,620	285,120
Other emoluments	2,138,700	2,138,700
Benefits-in-kind	15,500	15,500
	<u>2,466,820</u>	<u>2,439,320</u>

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

There were no indemnity given to or insurance effected for the Directors, officers and auditors of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

Directors Report For The Year Ended 31 March 2022 (continued)

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (continued)

(I) AS AT THE END OF THE FINANCIAL YEAR (continued)

- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
 - (i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
 - (i) there has not arisen any item, transaction or event of a material and unusual nature which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

Directors Report For The Year Ended 31 March 2022 (continued)

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 34 to the financial statements.

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Significant event subsequent to the end of the reporting period is disclosed in Note 35 to the financial statements.

AUDITORS

The auditors, BDO PLT (LLP0018825-LCA & AF 0206), have expressed their willingness to continue in office.

Auditors' remuneration of the Company and its subsidiaries for the financial year ended 31 March 2022 amounted to RM23,500 and RM397,400 respectively.

Signed on behalf of the Board in accordance with a resolution of the Directors.

Dato' Lim Soon Huat
Director

Ng Chin Nam
Director

Penang
14 July 2022

Statement by Directors

In the opinion of the Directors, the financial statements set out on pages 49 to 108 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2022 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Dato' Lim Soon Huat
Director

Ng Chin Nam
Director

Penang
14 July 2022

Statutory Declaration

I, Goh Phaik Ngoh (CA11330), being the officer primarily responsible for the financial management of Asia File Corporation Bhd., do solemnly and sincerely declare that the financial statements set out on pages 49 to 108 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed at
Georgetown in the State of
Penang this 14 July 2022

Goh Phaik Ngoh
Chief Financial Officer

Before me,

Haji Mohamed Yusoff Bin Mohd Ibrahim
No. P156
Commissioner for Oaths
Penang

Independent Auditors' Report To The Members of Asia File Corporation Bhd.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Asia File Corporation Bhd., which comprise the statements of financial position as at 31 March 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 49 to 108.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ('MFRSs'), International Financial Reporting Standards ('IFRSs') and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ('ISAs'). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ('By-Laws') and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of inventories

Inventories of the Group as at 31 March 2022 were RM109,416,524 as disclosed in Note 13 to the financial statements.

We have determined this to be key audit matter because there is inherent subjectivity and estimation involved in determining the adequacy of allowance for inventory obsolescence and in assessing the net realisable value of inventories requiring impairment.

Independent Auditors' Report To The Members of Asia File Corporation Bhd. (continued)

Key Audit Matters (continued)

Audit response

Our audit procedures, with the involvement of component auditors, included the following:

- (a) Attended physical inventory count as at year end and observed whether there were inventories that may be slow-moving, damaged or obsolete;
- (b) Compared unit costs of sample inventories to sales values subsequent to the financial year to test whether the carrying amounts of inventories are stated at the lower of cost and net realisable value at financial year end;
- (c) Tested the accuracy of the last transaction date of inventories based on the inventory list used to quantify slow-moving inventories; and
- (d) Assessed the reasonableness and adequacy of the allowance for inventory obsolescence recognised in the financial statements.

We have determined that there are no key audit matters to communicate in our report in respect to the audit of the financial statements of the Company.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRSs, IFRSs and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' Report To The Members of Asia File Corporation Bhd. (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent Auditors' Report To The Members of Asia File Corporation Bhd. (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 9 to the financial statements.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO PLT
LLP0018825-LCA & AF 0206
Chartered Accountants

Lee Beng Tuan
03271/07/2022 J
Chartered Accountant

Penang
14 July 2022

Statements Of Financial Position

As At 31 March 2022

		Group		Company	
		2022	2021	2022	2021
	Note	RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	113,987,920	100,332,809	2,103	2,411
Right-of-use assets	6	8,009,580	7,045,873	-	-
Investment properties	7	3,898,822	1,456,529	-	-
Intangible assets	8	30,234,474	30,234,474	-	-
Investments in subsidiaries	9	-	-	224,784,374	202,187,056
Investment in an associate	10	229,521,508	190,634,434	35,683,093	6,817,228
Trade and other receivables	11	-	5,000,000	-	-
Deferred tax assets	12	325,144	-	-	-
		385,977,448	334,704,119	260,469,570	209,006,695
Current assets					
Inventories	13	109,416,524	92,428,744	-	-
Trade and other receivables	11	68,149,788	57,442,704	3,105,452	4,373,157
Current tax assets		37,756	707,569	15,580	26,540
Short-term funds	14	80,709,504	67,194,278	6,399,095	5,663,566
Cash and bank balances	15	133,582,483	215,197,587	4,740,129	4,216,400
		391,896,055	432,970,882	14,260,256	14,279,663
TOTAL ASSETS		777,873,503	767,675,001	274,729,826	223,286,358
EQUITY AND LIABILITIES					
Equity attributable to the owners of the parent					
Share capital	16	202,330,568	202,330,568	202,330,568	202,330,568
Treasury shares	17	(2,131)	(2,131)	(2,131)	(2,131)
Reserves	18	514,262,652	477,333,263	71,819,490	18,932,865
		716,591,089	679,661,700	274,147,927	221,261,302
Non-controlling interests		468,138	539,438	-	-
TOTAL EQUITY		717,059,227	680,201,138	274,147,927	221,261,302

Statements Of Financial Position

As At 31 March 2022 (continued)

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
LIABILITIES					
Non-current liabilities					
Lease liabilities	6	3,573,144	5,208,642	-	-
Deferred tax liabilities	12	13,881,296	13,082,651	-	-
		17,454,440	18,291,293	-	-
Current liabilities					
Borrowings	19	2,366,477	26,166,834	-	-
Lease liabilities	6	1,426,237	1,565,741	-	-
Trade and other payables	20	36,711,605	40,491,547	581,899	2,025,056
Current tax liabilities		2,855,517	958,448	-	-
		43,359,836	69,182,570	581,899	2,025,056
TOTAL LIABILITIES		60,814,276	87,473,863	581,899	2,025,056
TOTAL EQUITY AND LIABILITIES		777,873,503	767,675,001	274,729,826	223,286,358

The accompanying notes form an integral part of the financial statements.

Statements of Profit Or Loss And Other Comprehensive Income For The Financial Year Ended 31 March 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Revenue	22	323,018,336	258,100,193	60,636,509	11,419,629
Cost of sales		(206,260,368)	(164,402,029)	-	-
Gross profit		116,757,968	93,698,164	60,636,509	11,419,629
Other income	23	7,453,800	10,093,106	190,415	233,278
Distribution costs		(23,803,377)	(18,970,740)	(6)	-
Administrative expenses		(60,222,562)	(52,754,215)	(4,855,325)	(3,760,309)
Other operating expenses		(1,302,714)	(2,433,803)	(164,715)	(40,836)
Finance costs	26	(365,847)	(497,300)	(691)	-
Net gains/(losses) on impairment of financial assets		10,202	(40,330)	-	-
Share of profit of an associate, net of tax		12,965,926	22,264,847	-	-
Profit before tax		51,493,396	51,359,729	55,806,187	7,851,762
Taxation	27	(8,120,926)	(4,747,729)	1,824	(76,073)
Profit for the financial year		43,372,470	46,612,000	55,808,011	7,775,689
Other comprehensive income, net of tax					
Item that may be reclassified subsequently to profit or loss					
Foreign currency translations		(3,892,550)	6,017,704	-	-

Statements of Profit Or Loss And Other Comprehensive Income For The Financial Year Ended 31 March 2022 (continued)

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Item that will not be reclassified subsequently to profit or loss					
Share of other comprehensive income of equity-accounted associate		320,668	936,188	-	-
Other comprehensive (loss)/ income for the financial year, net of tax		(3,571,882)	6,953,892	-	-
Total comprehensive income for the financial year		<u>39,800,588</u>	<u>53,565,892</u>	<u>55,808,011</u>	<u>7,775,689</u>
Profit attributable to:					
Owners of the parent		43,400,460	46,624,480	55,808,011	7,775,689
Non-controlling interests		(27,990)	(12,480)	-	-
		<u>43,372,470</u>	<u>46,612,000</u>	<u>55,808,011</u>	<u>7,775,689</u>
Total comprehensive income attributable to:					
Owners of the parent		39,850,775	53,530,715	55,808,011	7,775,689
Non-controlling interests		(50,187)	35,177	-	-
		<u>39,800,588</u>	<u>53,565,892</u>	<u>55,808,011</u>	<u>7,775,689</u>
Earnings per ordinary share attributable to equity holders of the Company:					
Basic and diluted earnings per ordinary share (sen)	28	<u>22.28</u>	<u>23.94</u>		

The accompanying notes form an integral part of the financial statements.

Statements of Changes In Equity

For The Financial Year Ended 31 March 2022

Group	Share capital RM	Treasury shares RM	Exchange translation reserve RM	Retained earnings RM	Total attributable to owners of the parent RM	Non-controlling interests RM	Total RM
Balance as at 1 April 2020	202,330,568	(2,131)	13,246,814	410,555,734	626,130,985	504,261	626,635,246
Profit for the financial year	-	-	-	46,624,480	46,624,480	(12,480)	46,612,000
Foreign currency translations	-	-	5,970,047	-	5,970,047	47,657	6,017,704
Share of other comprehensive income of equity-accounted associate	-	-	936,188	-	936,188	-	936,188
Total comprehensive income	-	-	6,906,235	46,624,480	53,530,715	35,177	53,565,892
Balance as at 31 March 2021	202,330,568	(2,131)	20,153,049	457,180,214	679,661,700	539,438	680,201,138

Statements of Changes In Equity

For The Financial Year Ended 31 March 2022 (continued)

Group	Note	Share capital RM	Treasury shares RM	Exchange translation reserve RM	Retained earnings RM	Total attributable to owners of the parent RM	Non-controlling interests RM	Total RM
Balance as at 1 April 2021		202,330,568	(2,131)	20,153,049	457,180,214	679,661,700	539,438	680,201,138
Profit for the financial year		-	-	-	43,400,460	43,400,460	(27,990)	43,372,470
Foreign currency translations		-	-	(3,870,353)	-	(3,870,353)	(22,197)	(3,892,550)
Share of other comprehensive income of equity-accounted associate		-	-	320,668	-	320,668	-	320,668
Total comprehensive income		-	-	(3,549,685)	43,400,460	39,850,775	(50,187)	39,800,588
Transactions with owners								
Dividends paid to:	29	-	-	-	(2,921,386)	(2,921,386)	-	(2,921,386)
- owners of the parent		-	-	-	-	-	(21,113)	(21,113)
- non-controlling interests		-	-	-	-	-	(21,113)	(21,113)
Total transactions with owners		-	-	-	(2,921,386)	(2,921,386)	(21,113)	(2,942,499)
Balance as at 31 March 2022		202,330,568	(2,131)	16,603,364	497,659,288	716,591,089	468,138	717,059,227

Statements of Changes In Equity

For The Financial Year Ended 31 March 2022 (continued)

Company	Note	Share capital RM	Treasury shares RM	Retained earnings RM	Total RM
Balance as at 1 April 2020		202,330,568	(2,131)	11,157,176	213,485,613
Profit for the financial year		-	-	7,775,689	7,775,689
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	7,775,689	7,775,689
Balance as at 31 March 2021/1 April 2021		202,330,568	(2,131)	18,932,865	221,261,302
Profit for the financial year		-	-	55,808,011	55,808,011
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	55,808,011	55,808,011
Transaction with owners					
Dividends paid	29	-	-	(2,921,386)	(2,921,386)
Balance as at 31 March 2022		202,330,568	(2,131)	71,819,490	274,147,927

The accompanying notes form an integral part of the financial statements.

Statements of Cash Flows

For The Financial Year Ended 31 March 2022

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		51,493,396	51,359,729	55,806,187	7,851,762
Adjustments for:					
Amortisation of intangible assets	8	-	178,979	-	-
Bad debts written off		17,679	326	-	-
Depreciation of:					
- property, plant and equipment	5	8,957,393	8,837,134	308	204
- right-of-use assets	6	1,506,356	1,414,832	-	-
- investment properties	7	57,707	48,225	-	-
Distribution income	23	(2,348,065)	(2,219,331)	(125,940)	(30,318)
Dividend income from:					
- subsidiaries	22	-	-	(55,582,408)	(7,190,621)
- an associate	22	-	-	(524,080)	(250,456)
Fair value loss/(gain) on:					
- other investments		-	(308,800)	-	-
- short-term funds		470,491	2,276,703	(46,162)	(1,797)
Gain on a bargain purchase	23	(1,166,683)	-	-	-
Gain on disposal of property, plant and equipment	23	(166,235)	(188,255)	-	-
Impairment losses on trade receivables	11(h)	2,295	44,501	-	-
Inventories written back	13(c)	(806,768)	(432,173)	-	-
Inventories written down	13(c)	586,148	169,900	-	-
Property, plant and equipment written off		778	-	-	-
Reversal of impairment losses on trade receivables	11(h)	(12,497)	(4,171)	-	-
Unrealised loss on foreign exchange		647,733	299,596	93,702	40,492
Interest expense	26	365,847	497,300	691	-
Interest income from:					
- bank balances	23	(188,719)	(69,114)	(5,437)	(1,795)
- other investments	23	(450,461)	(980,178)	(12,876)	(14,055)
Share of profit of an associate, net of tax		(12,965,926)	(22,264,847)	-	-
Operating profit/(loss) before working capital changes		46,000,469	38,660,356	(396,015)	403,416

Statements of Cash Flows

For The Financial Year Ended 31 March 2022 (continued)

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
CASH FLOWS FROM OPERATING ACTIVITIES (continued)					
Operating profit/(loss) before working capital changes		46,000,469	38,660,356	(396,015)	403,416
Working capital changes:					
Inventories		(15,510,445)	4,925,417	-	-
Trade and other receivables		(2,246,123)	(2,946,815)	1,267,705	(2,095,858)
Trade and other payables		(9,476,136)	12,417,088	(1,443,157)	1,529,726
Cash generated from/(used in) operations		18,767,765	53,056,046	(571,467)	(162,716)
Tax paid		(5,135,346)	(4,397,638)	(45,143)	(65,884)
Tax refunded		514,918	-	57,927	-
Net cash from/(used in) operating activities		14,147,337	48,658,408	(558,683)	(228,600)
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of a subsidiary, net of cash and cash equivalents acquired	9(c)	(20,116,777)	-	(22,597,318)	-
Acquisition of additional interests in an associate	10(d)	(28,865,865)	(1,625,061)	(28,865,865)	(1,625,061)
Decrease in other investments		-	8,000,000	-	-
Dividends received from:					
- subsidiaries		-	-	55,582,408	7,190,621
- an associate		3,265,385	2,443,500	524,080	250,456
Interest received		639,180	1,049,292	18,313	15,850
Net proceeds from (purchase)/redemption of short-term funds		(11,637,652)	5,178,005	(563,427)	(4,355,000)
Proceeds from disposal of property, plant and equipment		166,245	193,228	-	-
Purchase of property, plant and equipment	5	(8,299,760)	(8,582,645)	-	(2,615)
Net cash (used in)/from investing activities		(64,849,244)	6,656,319	4,098,191	1,474,251

Statements of Cash Flows

For The Financial Year Ended 31 March 2022 (continued)

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid to:					
- owners of the parent		(2,921,386)	-	(2,921,386)	-
- non-controlling interests		(21,113)	-	-	-
Interest paid		(171,362)	(287,175)	(691)	-
Net (repayment)/drawdown of short-term borrowings		(23,801,567)	1,060,992	-	-
Payment of lease liabilities	6	(2,240,288)	(786,105)	-	-
Net cash used in financing activities		(29,155,716)	(12,288)	(2,922,077)	-
Net (decrease)/increase in cash and cash equivalents		(79,857,623)	55,302,439	617,431	1,245,651
Effects of exchange rate changes		(1,757,481)	2,204,848	(93,702)	(40,492)
Cash and cash equivalents at beginning of financial year		215,197,587	157,690,300	4,216,400	3,011,241
Cash and cash equivalents at end of financial year	15	133,582,483	215,197,587	4,740,129	4,216,400

Statements of Cash Flows

For The Financial Year Ended 31 March 2022 (continued)

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Group	Lease liabilities (Note 6) RM	Short-term borrowings (Note 19) RM
Balance as at 1 April 2021	6,774,383	26,166,834
Cash flows	(2,240,288)	(23,801,567)
Non-cash flows:		
- acquisition of a subsidiary	450,817	-
- exchange differences	(180,016)	1,210
- unwinding of interest	194,485	-
Balance as at 31 March 2022	<u>4,999,381</u>	<u>2,366,477</u>
Balance as at 1 April 2020	5,986,429	24,748,459
Cash flows	(786,105)	1,060,992
Non-cash flows:		
- exchange differences	345,017	357,383
- unwinding of interest	210,125	-
- lease remeasurement	1,018,917	-
Balance as at 31 March 2021	<u>6,774,383</u>	<u>26,166,834</u>

The accompanying notes form an integral part of the financial statements.

Notes To The Financial Statements

31 March 2022

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at 170-09-01, Livingston Tower, Jalan Argyll, 10050 George Town, Penang.

The principal place of business of the Company is located at Plot 16, Kawasan Perindustrian Bayan Lepas, Phase IV, Mukim 12, 11900 Bayan Lepas, Penang.

The consolidated financial statements for the financial year ended 31 March 2022 comprise the Company and its subsidiaries and the interests of the Group in an associate. These financial statements are presented in Ringgit Malaysia ('RM'), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 14 July 2022.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged as an investment holding company, commission agent and provider of management services. The principal activities and the details of the subsidiaries are disclosed in Note 9 to the financial statements.

There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ('MFRSs'), International Financial Reporting Standards ('IFRSs') and the provisions of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 33.1 to the financial statements.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

Notes To The Financial Statements

31 March 2022 (continued)

4. OPERATING SEGMENTS (continued)

The Group has two (2) reportable segments, as described below, which are the strategic business units of the Group. The strategic business units offer different products and are separately evaluated by the Chief Executive Officer ('CEO') in deciding how to allocate resources and in assessing performance of the Group.

The reportable segments of the Group are as follows:

- (i) Filing products - Manufacturing and trading of stationery products, paper and plastic based related products
- (ii) Consumer and food ware products - Manufacturing and trading of consumer and food ware products

Performance is measured based on the revenue derived from the products sold and operating profit of the business segments as included in the internal management reports that are reviewed at least on a quarterly basis by the CEO, who is the chief operating decision maker of the Group. Segment assets and segment liabilities information is neither included in the internal management reports nor provided regularly to the CEO. Hence, no disclosure is made on segment assets and segment liabilities.

The accounting policies of operating segments are the same as those described in the respective notes to the financial statements.

(a) Reportable segments

Group	Filing products RM	Consumer and food ware products RM	Total RM
2022			
Segment profits	<u>26,455,631</u>	<u>9,263,835</u>	<u>35,719,466</u>
<i>Included in the measure of segment profits are:</i>			
Revenue from external customers	274,204,643	48,738,072	322,942,715
Depreciation of:			
- investment properties	48,226	9,481	57,707
- property, plant and equipment	7,578,971	1,378,422	8,957,393
- right-of-use assets	<u>1,475,473</u>	<u>30,883</u>	<u>1,506,356</u>

Notes To The Financial Statements

31 March 2022 (continued)

4. OPERATING SEGMENTS (continued)

(a) Reportable segments (continued)

Group	Filing products RM	Consumer and food ware products RM	Total RM
2021			
Segment profits	<u>23,266,998</u>	<u>4,969,687</u>	<u>28,236,685</u>
<i>Included in the measure of segment profits are:</i>			
Revenue from external customers	230,702,733	27,322,692	258,025,425
Amortisation of intangible assets	178,979	-	178,979
Depreciation of:			
- investment properties	48,225	-	48,225
- property, plant and equipment	8,181,731	655,403	8,837,134
- right-of-use assets	<u>1,414,832</u>	<u>-</u>	<u>1,414,832</u>

(b) Reconciliations

Reconciliations of reportable segment revenue and profit or loss to the corresponding amounts of the Group are as follows:

Group	2022 RM	2021 RM
Revenue		
Total revenue for reportable segments	322,942,715	258,025,425
Revenue for non-reportable segment	<u>75,621</u>	<u>74,768</u>
Revenue of the Group per consolidated statement of profit or loss and other comprehensive income	<u>323,018,336</u>	<u>258,100,193</u>
Profit for the financial year		
Total profit for reportable segments	35,719,466	28,236,685
(Loss)/Profit for non-reportable segment	(509,586)	54,777
Gain on a bargain purchase	1,166,683	-
Finance costs	(365,847)	(497,300)
Investing results*	2,516,754	1,300,720
Share of profit of an associate	12,965,926	22,264,847
Tax expense	<u>(8,120,926)</u>	<u>(4,747,729)</u>
Profit for the financial year	<u>43,372,470</u>	<u>46,612,000</u>

* Comprise distribution income from short-term funds, gain or loss on fair value adjustments of short-term funds and interest income from financial institutions.

Notes To The Financial Statements

31 March 2022 (continued)

4. OPERATING SEGMENTS (continued)

(c) Geographical information

The manufacturing facilities of the Group are based in Malaysia and Europe.

In presenting information on the basis of geographical areas, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets of the Group. The non-current assets do not include deferred tax assets, financial instruments and investment in an associate.

Group	Revenue		Non-current assets	
	2022 RM	2021 RM	2022 RM	2021 RM
Malaysia	84,638,077	59,652,789	83,168,925	62,761,782
Asia (excluding Malaysia)	4,651,678	5,710,181	-	-
Europe	213,598,258	178,150,138	72,961,871	76,307,903
America	7,012,447	4,333,160	-	-
Others	13,117,876	10,253,925	-	-
	<u>323,018,336</u>	<u>258,100,193</u>	<u>156,130,796</u>	<u>139,069,685</u>

(d) Major customers

A major customer of the Group, with revenue equal or more than ten percent (10%) of the revenue of the Group, contributes approximately RM50,595,379 (2021: RM38,264,645) of the revenue of the Group.

5. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Buildings RM	Plant and machinery RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Total RM
At cost						
Balance as at 1 April 2021	17,483,134	94,187,145	189,131,043	21,673,185	9,307,501	331,782,008
Additions	-	822,833	6,199,258	192,801	1,084,868	8,299,760
Acquisition of a subsidiary (Note 9(c))	-	9,504,619	5,448,001	205,110	119,203	15,276,933
Disposals	-	-	(531,190)	-	(494,998)	(1,026,188)
Written off	-	-	-	(76,147)	-	(76,147)
Exchange differences	(133,875)	(1,759,218)	(3,209,583)	(660,709)	(170,790)	(5,934,175)
Balance as at 31 March 2022	17,349,259	102,755,379	197,037,529	21,334,240	9,845,784	348,322,191
Accumulated depreciation						
Balance as at 1 April 2021	-	47,592,932	155,434,670	20,098,741	8,322,856	231,449,199
Charge for the financial year	-	2,243,517	5,720,481	439,655	553,740	8,957,393
Disposals	-	-	(531,185)	-	(494,993)	(1,026,178)
Written off	-	-	-	(75,369)	-	(75,369)
Exchange differences	-	(1,236,159)	(2,939,820)	(637,701)	(157,094)	(4,970,774)
Balance as at 31 March 2022	-	48,600,290	157,684,146	19,825,326	8,224,509	234,334,271
Carrying amount						
Balance as at 31 March 2022	17,349,259	54,155,089	39,353,383	1,508,914	1,621,275	113,987,920

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Freehold land RM	Buildings RM	Plant and machinery RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Total RM
At cost						
Balance as at 1 April 2020	17,408,759	90,747,464	182,616,886	21,134,149	8,642,928	320,550,186
Additions	-	2,061,093	5,757,858	150,527	613,167	8,582,645
Disposals	-	-	(1,592,723)	(11,447)	(87,974)	(1,692,144)
Exchange differences	74,375	1,378,588	2,349,022	399,956	139,380	4,341,321
Balance as at 31 March 2021	17,483,134	94,187,145	189,131,043	21,673,185	9,307,501	331,782,008
Accumulated depreciation						
Balance as at 1 April 2020	-	44,626,435	149,513,696	19,222,802	7,772,265	221,135,198
Charge for the financial year	-	2,190,324	5,612,426	520,281	514,103	8,837,134
Disposals	-	-	(1,592,723)	(6,474)	(87,974)	(1,687,171)
Exchange differences	-	776,173	1,901,271	362,132	124,462	3,164,038
Balance as at 31 March 2021	-	47,592,932	155,434,670	20,098,741	8,322,856	231,449,199
Carrying amount						
Balance as at 31 March 2021	17,483,134	46,594,213	33,696,373	1,574,444	984,645	100,332,809

Notes To The Financial Statements

31 March 2022 (continued)

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	2022 RM	2021 RM
Office equipment, furniture and fittings		
At cost		
Balance as at 1 April 2021/2020	2,615	-
Addition	-	2,615
Balance as at 31 March	<u>2,615</u>	<u>2,615</u>
Accumulated depreciation		
Balance as at 1 April 2021/2020	204	-
Charge for the financial year	308	204
Balance as at 31 March	<u>512</u>	<u>204</u>
Carrying amount		
Balance as at 31 March	<u>2,103</u>	<u>2,411</u>

- (a) All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset. After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.
- (b) Freehold land has unlimited useful life and is not depreciated. Depreciation is calculated to write down the cost of the assets to their residual values on a straight-line basis over their estimated useful lives. The principal depreciation annual rates are as follows:

Buildings	2% - 10%
Plant and machinery	6.66% - 25%
Office equipment, furniture and fittings	8% - 33.33%
Motor vehicles	15% - 25%

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-use assets

Group	Balance as at 1 April 2021 RM	Acquisition of a subsidiary (Note 9(c)) RM	Charge for the financial year RM	Exchange differences RM	Balance as at 31 March 2022 RM
Carrying amount					
Leasehold lands	1,094,189	1,995,381	(47,098)	-	3,042,472
Building	5,951,684	-	(1,443,491)	(155,984)	4,352,209
Plant and machinery	-	630,666	(15,767)	-	614,899
	7,045,873	2,626,047	(1,506,356)	(155,984)	8,009,580

Group	Balance as at 1 April 2020 RM	Effect of lease remeasurement RM	Charge for the financial year RM	Exchange differences RM	Balance as at 31 March 2021 RM
Carrying amount					
Leasehold lands	1,126,171	-	(31,982)	-	1,094,189
Building	6,015,538	1,018,917	(1,382,850)	300,079	5,951,684
	7,141,709	1,018,917	(1,414,832)	300,079	7,045,873

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

Lease liabilities

Group	Balance as at 1 April 2021 RM	Acquisition of a subsidiary (Note 9(c)) RM	Lease payments RM	Interest expense RM	Exchange differences RM	Balance as at 31 March 2022 RM
Carrying amount						
Building	6,774,383	-	(2,165,999)	187,814	(180,016)	4,616,182
Plant and machinery	-	450,817	(74,289)	6,671	-	383,199
	6,774,383	450,817	(2,240,288)	194,485	(180,016)	4,999,381

Group	Balance as at 1 April 2020 RM	Effect of lease re- measurement RM	Lease payments RM	Interest expense RM	Exchange differences RM	Balance as at 31 March 2021 RM
Carrying amount						
Building	5,986,429	1,018,917	(786,105)	210,125	345,017	6,774,383

Notes To The Financial Statements

31 March 2022 (continued)

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

Lease liabilities (continued)

	Group	
	2022 RM	2021 RM
Represented by:		
Current liabilities	1,426,237	1,565,741
Non-current liabilities	3,573,144	5,208,642
	<u>4,999,381</u>	<u>6,774,383</u>
Lease liabilities owing to financial institutions	383,199	-
Lease liabilities owing to non-financial institutions	4,616,182	6,774,383
	<u>4,999,381</u>	<u>6,774,383</u>

- (a) Right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the lease.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease liabilities.

- (b) The right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease terms. The remaining lease terms of right-of-use assets are as follows:

Leasehold lands	29 - 33 years (2021: 30 years)
Building	3 years (2021: 4 years)
Plant and machinery	2 years (2021: Nil)

- (c) The Group has certain leases of assets with lease term of twelve (12) months or less. The Group applies the "short-term lease" exemptions for these leases.

- (d) The Group leases a lease contract that includes extension and termination option. This is used to maximise operational flexibility in terms of managing the asset used in the operations of the Group.

There is no potential future rental payments that are not included in the lease terms.

Notes To The Financial Statements

31 March 2022 (continued)

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

(e) The following are the amounts recognised in profit or loss:

	Group	
	2022 RM	2021 RM
Depreciation charge of right-of-use assets (included in administrative expenses)	1,506,356	1,414,832
Interest expense on lease liabilities (included in finance costs)	194,485	210,125
Expenses relating to short-term leases (included in cost of sales)	310,434	261,197
	<u>2,011,275</u>	<u>1,886,154</u>

(f) The following are total cash outflows for leases as a lessee:

	Group	
	2022 RM	2021 RM
Included in net cash from operating activities:		
Payment relating to short-term leases	310,434	261,197
Included in net cash used in financing activities:		
Payment of lease liabilities	<u>2,240,288</u>	<u>786,105</u>
Total cash outflows for leases	<u>2,550,722</u>	<u>1,047,302</u>

(g) Information on financial risks of lease liabilities is disclosed in Note 32 to the financial statements.

7. INVESTMENT PROPERTIES

Group	Freehold land RM	Leasehold lands RM	Factory buildings RM	Total RM
Carrying amount				
Balance as at 1 April 2021	-	234,382	1,222,147	1,456,529
Acquisition of a subsidiary (Note 9(c))	603,764	-	1,896,236	2,500,000
Depreciation charge for the financial year	-	(6,894)	(50,813)	(57,707)
Balance as at 31 March 2022	<u>603,764</u>	<u>227,488</u>	<u>3,067,570</u>	<u>3,898,822</u>
As at 31 March 2022				
Cost	603,764	379,155	3,962,819	4,945,738
Accumulated depreciation	-	(151,667)	(895,249)	(1,046,916)
Carrying amount	<u>603,764</u>	<u>227,488</u>	<u>3,067,570</u>	<u>3,898,822</u>

Notes To The Financial Statements

31 March 2022 (continued)

7. INVESTMENT PROPERTIES (continued)

Group	Freehold land RM	Leasehold lands RM	Factory buildings RM	Total RM
Carrying amount				
Balance as at 1 April 2020	-	241,276	1,263,478	1,504,754
Depreciation charge for the financial year	-	(6,894)	(41,331)	(48,225)
Balance as at 31 March 2021	-	234,382	1,222,147	1,456,529
As at 31 March 2021				
Cost	-	379,155	2,066,583	2,445,738
Accumulated depreciation	-	(144,773)	(844,436)	(989,209)
Carrying amount	-	234,382	1,222,147	1,456,529

- (a) Leasehold lands represent right-of-use assets arising from lease arrangements that meet the definition of investment properties.
- (b) Investment properties are properties which are held to earn rental yields or for capital appreciation or for both and are not occupied by the Group.

Investment properties are initially measured at cost, which includes transaction costs. After initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has unlimited useful life and is not depreciated. Depreciation is calculated to write down the cost of the assets to their residual values on a straight-line basis over their estimated useful lives. The principal depreciation period and annual rate are as follows:

Leasehold lands	33 years (2021: 34 years)
Factory buildings	2%

At the end of each reporting period, the carrying amount of investment properties is assessed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

- (c) The fair value of the investment properties for disclosure purposes, which is at Level 3 of the fair value hierarchy, is estimated to be at approximately RM6,500,000 (2021: RM4,000,000).

The fair value which amounted to RM4,000,000 (2021: RM4,000,000) was determined based on Directors' estimation using the market comparison method by reference to market evidence of transaction prices of similar properties and recent experience in the location and category of the properties being valued. The unobservable input into this valuation method is price per square foot of comparable properties. The estimated fair value would increase if the historical sales transaction prices were higher and vice versa.

7. INVESTMENT PROPERTIES (continued)

(c) (continued)

The fair value which amounted to RM2,500,000 (2021: RMNil) was determined based on the assistance of an independent professional valuation that has the relevant experience in the location and category of the property. The valuation was based on the assets highest and best use arrived at using the sales comparison approach by analysing sales and listing of similar properties in the locality by making reference to market evidence of prices per square feet and adjusted for differences in key attributes such as property size, location and other relevant factors.

There is no transfer between levels in the fair value hierarchy during the financial year.

(d) Direct operating expenses arising from investment properties generating rental income during the financial year are as follows:

	Group	
	2022 RM	2021 RM
Quit rent and assessment	<u>20,558</u>	<u>16,282</u>

(e) The Group has entered into non-cancellable operating lease agreements on certain properties for terms of up to two and a half (2.5) years and renewable at the end of the lease period subject to an increase clause. The monthly rental consists of a fixed base rent.

(f) The Group has aggregate future minimum lease receivable as at the end of each reporting period as follows:

	Group	
	2022 RM	2021 RM
Less than one (1) year	474,996	312,600
One (1) to two (2) years	474,996	324,636
Two (2) to three (3) years	48,000	324,636
	<u>997,992</u>	<u>961,872</u>

Notes To The Financial Statements

31 March 2022 (continued)

8. INTANGIBLE ASSETS

Group	Goodwill RM	Customer contracts RM	Total RM
At cost			
Balance as at 1 April 2021	30,234,456	2,801,839	33,036,295
Exchange differences	-	(103,772)	(103,772)
Balance as at 31 March 2022	<u>30,234,456</u>	<u>2,698,067</u>	<u>32,932,523</u>
Accumulated amortisation			
Balance as at 1 April 2021	-	2,801,821	2,801,821
Exchange differences	-	(103,772)	(103,772)
Balance as at 31 March 2022	<u>-</u>	<u>2,698,049</u>	<u>2,698,049</u>
Carrying amount			
Balance as at 31 March 2022	<u>30,234,456</u>	<u>18</u>	<u>30,234,474</u>
At cost			
Balance as at 1 April 2020	30,234,456	2,744,188	32,978,644
Exchange differences	-	57,651	57,651
Balance as at 31 March 2021	<u>30,234,456</u>	<u>2,801,839</u>	<u>33,036,295</u>
Accumulated amortisation			
Balance as at 1 April 2020	-	2,568,331	2,568,331
Charge for the financial year	-	178,979	178,979
Exchange differences	-	54,511	54,511
Balance as at 31 March 2021	<u>-</u>	<u>2,801,821</u>	<u>2,801,821</u>
Carrying amount			
Balance as at 31 March 2021	<u>30,234,456</u>	<u>18</u>	<u>30,234,474</u>

- (a) Intangible assets are initially measured at cost. After initial recognition, intangible assets, excluding goodwill are carried at cost less accumulated amortisation and any accumulated impairment losses.

Customer contracts are amortised over the estimated useful life of 7 years.

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost. After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any.

- (b) Goodwill has been fully allocated to the Group's cash-generating units ('CGU') identified in the operations of a foreign subsidiary in Germany acquired in the past, which is involved in the manufacturing and trading of stationery products. Goodwill is allocated to the Group's CGU expected to benefit from the synergies of the acquisition.

Notes To The Financial Statements

31 March 2022 (continued)

8. INTANGIBLE ASSETS (continued)

- (c) Goodwill is tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount of the CGU based on its value-in-use. The value-in-use calculations apply a discounted cash flow model using cash flow projections from the financial forecast based on the following assumptions:
- (i) Cash flows are projected based on the management's most recent five (5) years financial budgets.
 - (ii) The pre-tax discount rate used for cash flows discounting purpose is estimated based on an industry average cost of capital. The average discount rate applied for cash flow projections is 7% (2021: 6%).
 - (iii) The future cash flows were projected based on the actual net operating cash flows achieved by the CGU in the current financial year, assuming zero growth rate in the next five (5) financial years and in perpetuity.
 - (iv) Management believes that any reasonably possible change in the key assumptions would not cause the recoverable amount of the CGU to be materially below the carrying amount. Based on the annual impairment testing undertaken by the Group, no impairment losses were required for the carrying amount of the goodwill assessed as at 31 March 2022 as the recoverable amount of CGU was in excess of its carrying amount.

9. INVESTMENTS IN SUBSIDIARIES

	Company	
	2022	2021
	RM	RM
Unquoted equity shares, at cost	220,665,361	198,068,043
Share-based payments allocated to subsidiaries	4,119,013	4,119,013
	<u>224,784,374</u>	<u>202,187,056</u>

- (a) Investments in subsidiaries, which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less impairment losses, if any.

All components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Notes To The Financial Statements

31 March 2022 (continued)

9. INVESTMENTS IN SUBSIDIARIES (continued)

(b) Details of the subsidiaries are as follows:

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2022	2021	
ABBA Marketing Sdn. Bhd. ^	Malaysia	100%	100%	Trading of stationery products, and recyclable food wares, graphic designing and desktop publishing
AFP Composite Sdn. Bhd. ^	Malaysia	100%	100%	Manufacture and supply of plastic related products and filing products
Asia File Products Sdn. Bhd. ^	Malaysia	100%	100%	Manufacture and sale of stationery products, recyclable food wares and other paper and plastic based products
Formosa Technology Sdn. Bhd. ^	Malaysia	100%	100%	Manufacturing of recyclable food wares
Higher Kings Mill Limited *	United Kingdom	100%	100%	Manufacture and sale of coloured paper and boards for filing, educational and other specialty markets
Lim & Khoo Sdn. Bhd. ^	Malaysia	100%	100%	Investment holding
Premier Stationery Limited *	United Kingdom	95%	95%	Import and distribution of stationery products
Premier Stationery Pte. Ltd. #	Singapore	100%	100%	Trading of stationery products
Sin Chuan Marketing Sdn. Bhd. ^	Malaysia	100%	100%	Dormant
Supportive Technology Sdn. Bhd. #	Malaysia	100%	0%	Manufacturing and selling of consumer plasticware products
Subsidiary of Asia File Products Sdn. Bhd.				
Plastoreg Smidt GmbH *	Germany	100%	100%	Manufacture and distribution of stationery products

Notes To The Financial Statements

31 March 2022 (continued)

9. INVESTMENTS IN SUBSIDIARIES (continued)

(b) Details of the subsidiaries are as follows (continued):

^ Subsidiaries audited by BDO PLT, Malaysia

* Subsidiaries audited by BDO member firms

Subsidiary not audited by BDO PLT or BDO member firms

(c) Acquisition of a subsidiary

On 21 December 2021, the Company had completed the acquisition of 1,666,665 ordinary shares in Supportive Technology Sdn. Bhd. ('STSB'), representing 100% equity interest in STSB for a total consideration of RM22,597,318.

Fair values of the identifiable total assets and liabilities acquired and the effects on cash flows arising from the acquisition were as follows:

	RM
Property, plant and equipment	15,276,933
Right-of-use assets	2,626,047
Investment properties	2,500,000
Deferred tax assets	242,000
Inventories	3,142,727
Trade and other receivables	4,751,178
Current tax assets	9,656
Cash and bank balances	2,480,541
Lease liabilities	(450,817)
Trade and other payables	(6,814,264)
Total identifiable net assets	23,764,001
Gain on a bargain purchase	(1,166,683)
Cost of acquisition	<u>22,597,318</u>

The effects of the acquisition on cash flows of the Group are as follows:

	RM
Consideration paid in cash	21,468,000
Deferred consideration*	1,129,318
Total consideration	22,597,318
Less: Cash and cash equivalents of subsidiary acquired	(2,480,541)
Net cash outflows from the acquisition	<u>20,116,777</u>

* As at the end of the reporting period, the Company has fully settled the deferred consideration.

If the acquisition occurred on 1 April 2021, revenue and profit after tax of the Group for the financial year ended 31 March 2022 would have been RM319,940,966 and RM42,546,388 respectively.

(d) The Group does not have any subsidiary that has non-controlling interests, which is individually material to the Group for both financial years ended 31 March 2022 and 31 March 2021.

Notes To The Financial Statements

31 March 2022 (continued)

10. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Quoted equity shares, at cost	77,532,835	48,666,970	35,683,093	6,817,228
Share of post-acquisition reserves	151,988,673	141,967,464	-	-
	<u>229,521,508</u>	<u>190,634,434</u>	<u>35,683,093</u>	<u>6,817,228</u>
Fair value of quoted shares:				
- Level 1	<u>167,655,496</u>	<u>160,450,680</u>	<u>40,458,944</u>	<u>17,902,820</u>

- (a) Investment in an associate is measured at cost less impairment losses, if any, in the separate financial statements of the Company and accounted for using the equity method in the consolidated financial statements.
- (b) The associate has a financial year of 31 December, which is not coterminous with the Group. The unaudited financial statements of the associate for financial period ended 31 March 2022 have been used in applying the equity method of accounting. The use of the unaudited financial statements is not expected to have any significant effects on the consolidated financial statements of the Group.
- (c) Details of the associate are as follows:

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activity
		2022	2021	
Muda Holdings Berhad *	Malaysia	23.69%	20.23%	Investment holding

* Not audited by BDO PLT or BDO member firms

- (d) During the financial year, the Company had acquired additional 10,553,500 (2021: 624,300) ordinary shares in Muda Holdings Berhad for a total cash consideration of RM28,865,865 (2021: RM1,625,061). Pursuant to that, the equity interest of the Group in the associate increased from 20.23% to 23.69% (2021: 20.03% to 20.23%) at the end of the financial year.

Notes To The Financial Statements

31 March 2022 (continued)

10. INVESTMENT IN AN ASSOCIATE (continued)

- (e) The following table summarises the information of the Group's material associate, adjusted for any differences in accounting policies and reconciled the information to the carrying amount of the Group's interest in the associate.

	2022 RM'000	2021 RM'000
Muda Holdings Berhad		
Summarised financial information as at 31 March:		
Non-current assets	1,111,168	1,012,163
Current assets	907,977	781,756
Non-current liabilities	(266,719)	(212,319)
Current liabilities	(726,036)	(600,934)
Non-controlling interests	(39,355)	(36,929)
Net assets	987,035	943,737
Financial period ended 31 March:		
Profit from continuing operations	57,238	111,158
Other comprehensive income	1,312	4,674
Total comprehensive income	58,550	115,832
Included in the total comprehensive income:		
Revenue	1,791,224	1,501,327
Reconciliation of net assets to carrying amount as at 31 March:		
Share of net assets of the associate	233,829	190,918
Effects arising from changes in shareholdings	(4,307)	(284)
Carrying amount in the consolidated statement of the financial position	229,522	190,634
Group's share of results for the financial period ended 31 March:		
Group's share of profit or loss from continuing operations	12,966	22,265
Group's share of other comprehensive income	321	936
Group's share of total comprehensive income	13,287	23,201
Other information:		
Dividends received by the Group	3,265	2,444

There is no share of associate's contingent liabilities incurred jointly with other investors.

Notes To The Financial Statements

31 March 2022 (continued)

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Non-current				
Other receivable				
Deposit	-	5,000,000	-	-
Total non-current receivable	<u>-</u>	<u>5,000,000</u>	<u>-</u>	<u>-</u>
Current				
Trade receivables				
Third parties	64,274,777	53,604,078	-	-
Amount owing by a related party	42,518	36,247	-	-
	64,317,295	53,640,325	-	-
Less: Impairment loss - third parties	(2,453,650)	(2,696,719)	-	-
Total trade receivables	<u>61,863,645</u>	<u>50,943,606</u>	<u>-</u>	<u>-</u>
Other receivables				
Third parties	3,290,844	3,757,365	-	-
Amount owing by a subsidiary	-	-	3,105,452	4,373,157
Deposits	2,299,942	864,414	-	-
	5,590,786	4,621,779	3,105,452	4,373,157
Total current receivables	<u>67,454,431</u>	<u>55,565,385</u>	<u>3,105,452</u>	<u>4,373,157</u>
Prepayments	695,357	1,877,319	-	-
Total current trade and other receivables	<u>68,149,788</u>	<u>57,442,704</u>	<u>3,105,452</u>	<u>4,373,157</u>

- (a) Total non-current and current receivables are classified as financial assets measured at amortised cost.
- (b) In the previous financial year, the non-current other receivable pertains to deposit for a distributorship agreement for a period of thirty (30) months commencing on 1 December 2020. The deposit is interest-free and refundable upon the expiration of the agreement on 1 June 2023. During the financial year, the Group had terminated the distributorship agreement and the deposit had been refunded.
- (c) Trade receivables of the Group are non-interest bearing and the normal trade terms granted by the Group comprise cash term and credit terms of up to 120 days (2021: cash term and credit terms of up to 120 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Notes To The Financial Statements

31 March 2022 (continued)

11. TRADE AND OTHER RECEIVABLES (continued)

- (d) Amount owing by a related party is unsecured, interest-free and the credit term granted by the Group on sale of goods is 90 days (2021: 90 days). The related party is a company in which a Director and his close family members collectively have controlling interests.
- (e) Amount owing by a subsidiary is unsecured, interest-free and repayable within next twelve (12) months in cash and cash equivalents.
- (f) The currency exposure profile of total non-current and current receivables is as follows:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Ringgit Malaysia	22,330,243	23,358,595	3,105,452	4,373,157
Great Britain Pound	30,723,554	25,798,453	-	-
Euro	9,078,583	6,853,619	-	-
United States Dollar	5,251,682	4,465,897	-	-
Others	70,369	88,821	-	-
	<u>67,454,431</u>	<u>60,565,385</u>	<u>3,105,452</u>	<u>4,373,157</u>

- (g) Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the twelve (12) months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group uses an allowance matrix to measure the expected credit loss of trade receivables from their ageing. Expected loss rates are calculated by the probability of non-payment of the trade receivables multiplied by the amount of expected loss arising from default. Trade receivables have been grouped based on the common credit risk characteristics - industry and days past due.

The expected loss rates are based on the historical credit losses experienced by the Group over the three (3) years period prior to the period end. The Group believes that the financial impacts to the forward-looking information are inconsequential for the purpose of impairment calculation of trade receivables due to their relatively short-term nature.

For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

It requires management to exercise judgement in determining the probability of default by trade receivables and appropriate forward-looking information.

Notes To The Financial Statements

31 March 2022 (continued)

11. TRADE AND OTHER RECEIVABLES (continued)

(g) (continued)

Lifetime expected loss provision for trade receivables of the Group are as follows:

Group	Gross carrying amount RM	Impairment RM	Net carrying amount RM
2022			
Current	43,330,555	(7,713)	43,322,842
Past due			
- 1 to 30 days	14,167,778	(9,368)	14,158,410
- 31 to 60 days	3,027,385	-	3,027,385
- 61 to 90 days	720,087	-	720,087
Credit impaired			
- more than 90 days	3,071,490	(2,436,569)	634,921
	<u>64,317,295</u>	<u>(2,453,650)</u>	<u>61,863,645</u>
2021			
Current	40,097,815	-	40,097,815
Past due			
- 1 to 30 days	8,263,884	-	8,263,884
- 31 to 60 days	2,059,792	-	2,059,792
- 61 to 90 days	450,334	(32,895)	417,439
Credit impaired			
- more than 90 days	2,768,500	(2,663,824)	104,676
	<u>53,640,325</u>	<u>(2,696,719)</u>	<u>50,943,606</u>

Trade receivables are not secured by any collateral or credit enhancement.

During the financial year, the Group did not renegotiate the terms of any trade receivables.

Notes To The Financial Statements

31 March 2022 (continued)

11. TRADE AND OTHER RECEIVABLES (continued)

(h) Movements in the impairment allowance for trade receivables of the Group are as follows:

Group	Lifetime ECL allowance RM	Credit impaired RM	Total RM
Balance as at 1 April 2021	32,895	2,663,824	2,696,719
Reversal of impairment losses	(12,497)	-	(12,497)
Written off	-	(131,315)	(131,315)
Charge for the financial year	-	2,295	2,295
Exchange differences	(3,317)	(98,235)	(101,552)
Balance as at 31 March 2022	<u>17,081</u>	<u>2,436,569</u>	<u>2,453,650</u>
Balance as at 1 April 2020	35,714	3,613,653	3,649,367
Reversal of impairment losses	(4,171)	-	(4,171)
Written off	-	(1,012,526)	(1,012,526)
Charge for the financial year	-	44,501	44,501
Exchange differences	1,352	18,196	19,548
Balance as at 31 March 2021	<u>32,895</u>	<u>2,663,824</u>	<u>2,696,719</u>

Credit impaired refers to individually determined debtors who have defaulted on payments and are in significant financial difficulties as at the end of the reporting period. The Group considers trade receivables with invoices which are past due for more than ninety (90) days for credit impairment.

- (i) Impairment for other receivables and amount owing by a subsidiary is recognised based on the general approach of MFRS 9. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset by comparing the risk of default occurring over the expected life with the risk of default since initial recognition. For those in which credit risk had increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group defined significant increase in credit risk based on changes to contractual terms and delay in payment from other receivables and when a subsidiary's financial position deteriorates significantly.

Evidence that the other receivables and amount owing from a subsidiary are credit impaired includes the following observable data:

- (i) Significant financial difficulties of counterparties;
- (ii) The subsidiary is unlikely to repay its credit obligations to the bank in full; or
- (iii) The subsidiary is continuously loss making and is having deficit shareholders' funds.

11. TRADE AND OTHER RECEIVABLES (continued)

(i) (continued)

The Group believes that the financial impacts to the forward-looking information are inconsequential for the purpose of impairment calculation of other receivables and amount owing by a subsidiary due to their relatively short-term nature.

It requires management to exercise judgement in determining the probability of default by other receivables and the subsidiary, appropriate forward-looking information and significant increase in credit risk.

No expected credit loss is recognised arising from other receivables as it is negligible.

(j) Information on financial risks of trade and other receivables is disclosed in Note 32 to the financial statements.

12. DEFERRED TAX

	Group	
	2022	2021
	RM	RM
Deferred tax assets, net	325,144	-
Deferred tax liabilities, net	(13,881,296)	(13,082,651)
	<u>(13,556,152)</u>	<u>(13,082,651)</u>

The amount of set-off between deferred tax assets and deferred tax liabilities was RM1,107,884 (2021: RM1,625,852) for the Group.

12. DEFERRED TAX (continued)

(a) Recognised deferred tax assets/(liabilities)

Deferred tax assets/(liabilities) are attributable to the following:

Group	Assets		Liabilities		Net	
	2022 RM	2021 RM	2022 RM	2021 RM	2022 RM	2021 RM
Property, plant and equipment	325,144	-	(14,627,660)	(13,154,746)	(14,302,516)	(13,154,746)
Right-of-use assets	-	-	(1,044,530)	(1,428,404)	(1,044,530)	(1,428,404)
Lease liabilities	1,107,884	1,625,852	-	-	1,107,884	1,625,852
Others	-	-	683,010	(125,353)	683,010	(125,353)
Deferred tax assets/(liabilities)	1,433,028	1,625,852	(14,989,180)	(14,708,503)	(13,556,152)	(13,082,651)
Set off of tax	(1,107,884)	(1,625,852)	1,107,884	1,625,852	-	-
Net deferred tax assets/(liabilities)	325,144	-	(13,881,296)	(13,082,651)	(13,556,152)	(13,082,651)

Deferred tax assets and liabilities are offset when the entity has a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same authority. Deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which the entities within the Group can utilise the benefits therefrom.

12. DEFERRED TAX (continued)

(b) Movement in temporary differences during the financial year

Group	Balance as at 1 April 2020 RM	Recognised in profit or loss (Note 27) RM	Exchange differences RM	Balance as at 31 March 2021/1 April 2021 RM	Recognised in profit or loss (Note 27) RM	Acquisition of a subsidiary (Note 9(c)) RM	Exchange differences RM	Balance as at 31 March 2022 RM
Property, plant and equipment	(11,997,480)	(1,015,676)	(141,590)	(13,154,746)	(1,626,655)	242,000	236,885	(14,302,516)
Right-of-use assets	(1,443,729)	87,344	(72,019)	(1,428,404)	346,438	-	37,436	(1,044,530)
Lease liabilities	1,436,743	106,305	82,804	1,625,852	(474,764)	-	(43,204)	1,107,884
Others	279,426	(404,779)	-	(125,353)	808,363	-	-	683,010
	<u>(11,725,040)</u>	<u>(1,226,806)</u>	<u>(130,805)</u>	<u>(13,082,651)</u>	<u>(946,618)</u>	<u>242,000</u>	<u>231,117</u>	<u>(13,556,152)</u>

Notes To The Financial Statements

31 March 2022 (continued)

13. INVENTORIES

	Group	
	2022 RM	2021 RM
At cost		
Raw materials	62,671,511	54,750,263
Work-in-progress	4,519,166	3,898,020
Finished goods	40,512,779	32,506,787
	107,703,456	91,155,070
At net realisable value		
Raw materials	323,132	203,014
Finished goods	1,389,936	1,070,660
	<u>109,416,524</u>	<u>92,428,744</u>

- (a) Inventories are stated at the lower of cost and net realisable value.
- (b) The cost of inventories is calculated using the first-in, first-out method and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing the inventories to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.
- (c) As at the end of each reporting period, the following are the amounts recognised in cost of sales:

	Group	
	2022 RM	2021 RM
Cost of inventories	206,480,988	164,664,302
Inventories written back	(806,768)	(432,173)
Inventories written down	<u>586,148</u>	<u>169,900</u>

During the financial year, the Group wrote back RM806,768 (2021: RM432,173) in respect of inventories written down in the previous financial year that were subsequently not required as the Group was able to sell those inventories above their carrying amounts.

It requires management to exercise significant judgement in identifying inventories with net realisable values that are lower than their costs, with reference to the condition and ageing of inventories to ascertain the amount of inventories to be written down.

14. SHORT-TERM FUNDS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Financial assets at fair value through profit or loss				
Short-term funds	<u>80,709,504</u>	<u>67,194,278</u>	<u>6,399,095</u>	<u>5,663,566</u>

Notes To The Financial Statements

31 March 2022 (continued)

14. SHORT-TERM FUNDS (continued)

- (a) Short-term funds are mainly money market funds and bond funds, which are designated to manage free cash flows and optimise working capital so as to provide a steady stream of income returns. It is an integral part of the overall cash management.
- (b) Short-term funds of the Group and of the Company are denominated in Ringgit Malaysia.
- (c) Short-term funds of the Group and of the Company are categorised at Level 1 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.
- (d) Information on financial risks of short-term funds is disclosed in Note 32 to the financial statements.

15. CASH AND BANK BALANCES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash and bank balances	51,555,449	188,042,179	38,284	4,216,400
Deposits with licensed banks	82,027,034	27,155,408	4,701,845	-
	<u>133,582,483</u>	<u>215,197,587</u>	<u>4,740,129</u>	<u>4,216,400</u>

- (a) Cash and bank balances are classified as financial assets measured at amortised cost.
- (b) The currency exposure profile of cash and bank balances is as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Ringgit Malaysia	45,228,560	4,200,513	37,978	190,624
Great Britain Pound	55,673,320	62,859,232	4,702,143	319,480
Euro	25,195,447	147,114,009	5	3,706,296
United States Dollar	7,316,680	730,329	-	-
Others	168,476	293,504	3	-
	<u>133,582,483</u>	<u>215,197,587</u>	<u>4,740,129</u>	<u>4,216,400</u>

- (c) No expected credit losses were recognised arising from deposits with licensed banks because the probability of default by these financial institutions were negligible.
- (d) Information on financial risks of cash and bank balances is disclosed in Note 32 to the financial statements.

Notes To The Financial Statements

31 March 2022 (continued)

16. SHARE CAPITAL

	Group and Company			
	2022		2021	
	Number of shares	Amount RM	Number of shares	Amount RM
Issued and fully paid ordinary shares with no par value				
Balance as at 31 March	<u>194,759,560</u>	<u>202,330,568</u>	<u>194,759,560</u>	<u>202,330,568</u>

The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

17. TREASURY SHARES

The shareholders of the Company, by a special resolution passed at an Extraordinary General Meeting held on 25 September 2001 approved the plan of the Company to purchase its own shares. At the Annual General Meeting held on 30 September 2021, the shareholders of the Company by an ordinary resolution renewed the mandate given to the Company to repurchase its own shares.

There was no movement in treasury shares of the Group and of the Company during the financial year.

As at 31 March 2022, the ordinary shares held as treasury shares were 500 units (2021: 500 units). The number of outstanding ordinary shares in issue and fully paid after deducting the treasury shares held was 194,759,060 (2021: 194,759,060). Treasury shares held have no rights to voting, dividends and other participation in other distribution.

18. RESERVES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Non-distributable:				
Exchange translation reserve	16,603,364	20,153,049	-	-
Distributable:				
Retained earnings	<u>497,659,288</u>	<u>457,180,214</u>	<u>71,819,490</u>	<u>18,932,865</u>
	<u>514,262,652</u>	<u>477,333,263</u>	<u>71,819,490</u>	<u>18,932,865</u>

Exchange translation reserve

The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group. It is also used to record the exchange differences arising from monetary items which form part of the net investment of the Group in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

Notes To The Financial Statements

31 March 2022 (continued)

19. BORROWINGS

	Group	
	2022 RM	2021 RM
<u>Current liabilities</u>		
Unsecured:		
Foreign currency trade loans	<u>2,366,477</u>	<u>26,166,834</u>

- (a) Borrowings are classified as financial liabilities measured at amortised cost.
- (b) All borrowings are denominated in United States Dollar.
- (c) The borrowings are secured by corporate guarantees by the Company as disclosed in Note 21 to the financial statements.
- (d) Information on financial risks of borrowings and its remaining maturity is disclosed in Note 32 to the financial statements.

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Trade payables				
Third parties	18,790,829	22,445,117	-	-
Amounts owing to related parties	460,746	866,230	-	-
	<u>19,251,575</u>	<u>23,311,347</u>	<u>-</u>	<u>-</u>
Other payables				
Third parties	9,356,413	8,584,574	240,679	149,455
Amounts owing to related parties	66,702	11,446	-	-
Accruals	8,036,915	8,584,180	341,220	1,875,601
	<u>17,460,030</u>	<u>17,180,200</u>	<u>581,899</u>	<u>2,025,056</u>
Total trade and other payables	<u>36,711,605</u>	<u>40,491,547</u>	<u>581,899</u>	<u>2,025,056</u>

- (a) Trade and other payables are classified as financial liabilities measured at amortised cost.
- (b) Trade payables (including amounts owing to related parties) are non-interest bearing and the normal trade terms granted to the Group comprise cash term and credit limit of up to 120 days (2021: cash term and credit limit of up to 120 days).
- (c) The non-trade amounts owing to related parties represent advances which are unsecured, interest-free and payable within next twelve (12) months in cash and cash equivalents.
- (d) The related parties are companies related to the associate of the Group and of the Company and companies in which a Director and his close family members collectively have controlling interests.

Notes To The Financial Statements

31 March 2022 (continued)

20. TRADE AND OTHER PAYABLES (continued)

(e) The currency exposure profile of trade and other payables is as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Ringgit Malaysia	11,918,901	16,171,303	581,899	2,025,056
Great Britain Pound	13,546,973	12,656,917	-	-
Euro	8,751,872	8,945,988	-	-
United States Dollar	2,291,059	2,691,325	-	-
Others	202,800	26,014	-	-
	<u>36,711,605</u>	<u>40,491,547</u>	<u>581,899</u>	<u>2,025,056</u>

(f) Information on financial risks of trade and other payables is disclosed in Note 32 to the financial statements.

21. CONTINGENT LIABILITIES

Corporate guarantees - Unsecured

- (i) The Company has given corporate guarantees to certain financial institutions for banking facilities granted to its subsidiaries for a limit of RM147,602,000 (2021: RM141,900,000) of which RM2,749,675 (2021: RM26,166,834) were utilised at the end of the reporting period.
- (ii) The Company has given corporate guarantee of RM11,040,000 (2021: RM11,400,000) to a supplier of its subsidiary, Higher Kings Mill Limited of which RM1,884,978 (2021: RM1,434,572) was utilised at the end of the reporting period.

The Group designates corporate guarantees as financial liabilities as defined in MFRS 9 *Financial Instruments*. A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15 *Revenue from Contracts with Customers*.

The corporate guarantees have not been recognised since the fair value on initial recognition was not material.

The Company determines the probability of default of the guaranteed loans individually using internal information available. As at the end of the reporting period, the Company did not recognise any allowance for impairment loss.

Notes To The Financial Statements

31 March 2022 (continued)

22. REVENUE

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Revenue from contracts with customers:				
Sale of goods	322,942,715	258,025,425	-	-
Commission income	75,621	74,768	75,621	74,768
Management fee from subsidiaries	-	-	4,454,400	3,903,784
Other revenue:				
Dividend income from:				
- subsidiaries	-	-	55,582,408	7,190,621
- an associate	-	-	524,080	250,456
	<u>323,018,336</u>	<u>258,100,193</u>	<u>60,636,509</u>	<u>11,419,629</u>

Disaggregation of revenue from contracts with customers

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Timing of revenue recognition:				
Transferred over time	11,472,897	3,884,418	-	-
Transferred at a point in time	<u>311,545,439</u>	<u>254,215,775</u>	<u>4,530,021</u>	<u>3,978,552</u>
Revenue from contracts with customers	<u>323,018,336</u>	<u>258,100,193</u>	<u>4,530,021</u>	<u>3,978,552</u>

Disaggregation of revenue of the Group by geographical markets is disclosed in Note 4(c) to the financial statements.

(a) Sale of goods

Revenue from sale of stationery products, coloured paper, boards, consumer and food ware products is recognised at a point in time when the goods have been transferred to the customers and coincides with the delivery of goods and acceptance by customers.

Revenue from sale of made-to-order stationery products is recognised over time based on cost incurred method which is consistent with the Group's inputs to the satisfaction of a performance obligation in a customer contract. These contracts do not create assets with an alternative use to the Group. The Group has an enforceable right to payment for performance completed to date.

There is no warranty provided to the customers on the sale of goods.

There is no significant financing component in the revenue arising from sale of goods as the sales are made on the normal credit terms not exceeding twelve (12) months.

Notes To The Financial Statements

31 March 2022 (continued)

22. REVENUE (continued)

(b) Commission income

When the Group and the Company act in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group and the Company.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

(d) Management fee from subsidiaries

Management fees are recognised when the management services have been rendered to the subsidiaries.

23. OTHER INCOME

	Group		Company	
	2022 RM	2021 RM	RM	2021 RM
Gain on a bargain purchase	1,166,683	-	-	-
Gain on disposal of property, plant and equipment	166,235	188,255	-	-
Gain on fair value adjustments	-	-	46,162	1,797
Distribution income from short-term funds	2,348,065	2,219,331	125,940	30,318
Interest income from:				
- bank balances	188,719	69,114	5,437	1,795
- other investments	450,461	980,178	12,876	14,055
Realised gain on foreign exchange	972,087	5,804,412	-	176,325
Lease income	362,136	294,064	-	-
Miscellaneous income	1,799,414	537,752	-	8,988
	<u>7,453,800</u>	<u>10,093,106</u>	<u>190,415</u>	<u>233,278</u>

(a) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(b) Lease income

Lease income from investment properties is recognised on a straight-line basis over the term of the lease.

Notes To The Financial Statements

31 March 2022 (continued)

24. EMPLOYEE BENEFITS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Wages, salaries, overtime and bonuses	52,384,757	45,363,857	3,726,595	2,956,454
Contributions to defined contribution plan	3,719,614	3,306,799	448,769	355,851
Social security contributions	4,421,925	4,028,654	8,592	10,352
	<u>60,526,296</u>	<u>52,699,310</u>	<u>4,183,956</u>	<u>3,322,657</u>

Included in employee benefits of the Group and of the Company are Directors' remuneration amounting to RM2,944,850 (2021: RM2,829,482) and RM2,138,700 (2021: RM1,668,434) as further disclosed in Note 25 to the financial statements.

25. DIRECTORS' REMUNERATION

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Directors of the Company				
Directors' fee	312,620	301,620	285,120	285,120
Salaries and other emoluments	2,138,700	1,668,434	2,138,700	1,668,434
Estimated money value of benefits-in-kind	15,500	29,500	15,500	29,500
	<u>2,466,820</u>	<u>1,999,554</u>	<u>2,439,320</u>	<u>1,983,054</u>
Directors of the subsidiaries				
Directors' fee	40,750	29,648	-	-
Salaries and other emoluments	806,150	1,161,048	-	-
Estimated money value of benefits-in-kind	81,944	138,451	-	-
Total Directors' remuneration	<u>3,395,664</u>	<u>3,328,701</u>	<u>2,439,320</u>	<u>1,983,054</u>

26. FINANCE COSTS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Interest expense on:				
- cash and bank balances	68,555	-	691	-
- foreign currency trade loans	102,807	287,175	-	-
- lease liabilities	194,485	210,125	-	-
	<u>365,847</u>	<u>497,300</u>	<u>691</u>	<u>-</u>

Notes To The Financial Statements

31 March 2022 (continued)

27. TAXATION

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Current taxation based on profit for the financial year	7,511,750	3,595,913	-	76,000
(Over)/Underprovision of tax expense in prior years	(337,442)	(74,990)	(1,824)	73
	<u>7,174,308</u>	<u>3,520,923</u>	<u>(1,824)</u>	<u>76,073</u>
Deferred taxation (Note 12):				
- relating to origination and reversal of temporary differences	894,618	1,348,806	-	-
- under/(over)provision in prior years	52,000	(122,000)	-	-
	<u>946,618</u>	<u>1,226,806</u>	<u>-</u>	<u>-</u>
Taxation for the financial year	<u>8,120,926</u>	<u>4,747,729</u>	<u>(1,824)</u>	<u>76,073</u>

- (a) Malaysian income tax is calculated at the statutory tax rate of 24% (2021: 24%) of the estimated taxable profit for the fiscal year.
- (b) Taxation for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.
- (c) The numerical reconciliation between the taxation and the product of accounting profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Profit before tax	51,493,396	51,359,729	55,806,187	7,851,762
Less: Share of results of equity-accounted associate, net of tax	(12,965,926)	(22,264,847)	-	-
	<u>38,527,470</u>	<u>29,094,882</u>	<u>55,806,187</u>	<u>7,851,762</u>
Tax at the applicable tax rate of 24% (2021: 24%)	9,246,593	6,982,771	13,393,485	1,884,423
Tax effects in respect of:				
- different tax rates in foreign jurisdictions	127,067	322,628	-	-
- expenses not deductible for tax purpose	1,009,993	829,220	111,093	28,421
- income not subject to tax	(1,485,932)	(2,003,280)	(13,504,578)	(1,836,844)
Tax incentives and allowances	(491,353)	(1,186,620)	-	-
(Over)/Underprovision in prior years				
- income tax	(337,442)	(74,990)	(1,824)	73
- deferred tax	52,000	(122,000)	-	-
	<u>8,120,926</u>	<u>4,747,729</u>	<u>(1,824)</u>	<u>76,073</u>

Notes To The Financial Statements

31 March 2022 (continued)

27. TAXATION (continued)

(d) Tax on each component of other comprehensive income is as follows:

	Before tax RM	Tax effect RM	After tax RM
Group 2022			
Item that may be reclassified subsequently to profit or loss			
Foreign currency translations	<u>(3,892,550)</u>	<u>-</u>	<u>(3,892,550)</u>
Item that will not be reclassified subsequently to profit or loss			
Share of other comprehensive income of equity-accounted associate	<u>320,668</u>	<u>-</u>	<u>320,668</u>
2021			
Item that may be reclassified subsequently to profit or loss			
Foreign currency translations	<u>6,017,704</u>	<u>-</u>	<u>6,017,704</u>
Item that will not be reclassified subsequently to profit or loss			
Share of other comprehensive income of equity-accounted associate	<u>936,188</u>	<u>-</u>	<u>936,188</u>

28. EARNINGS PER ORDINARY SHARE

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year, excluding treasury shares held by the Company.

	Group	
	2022	2021
Profit for the financial year attributable to equity holders of the parent (RM)	<u>43,400,460</u>	<u>46,624,480</u>
Weighted average number of ordinary shares in issue (unit)	194,759,560	194,759,560
Effect of treasury shares held (unit)	<u>(500)</u>	<u>(500)</u>
	<u>194,759,060</u>	<u>194,759,060</u>
Basic earnings per ordinary share (sen)	<u>22.28</u>	<u>23.94</u>

Notes To The Financial Statements

31 March 2022 (continued)

28. EARNINGS PER ORDINARY SHARE (continued)

(b) Diluted

Diluted earnings per ordinary share equals basic earnings per ordinary share because there is no potential dilutive instruments in existence as at the end of each reporting period.

29. DIVIDENDS

	Group and Company 2022	
	Dividend per share sen	Amount of dividend RM
In respect of financial year ended 31 March 2021:		
Single tier final dividend	1.50	2,921,386

The Directors recommend a single tier final dividend of 2.0 sen per ordinary share, amounting to RM3,895,181 in respect of the financial year ended 31 March 2022, subject to the approval of members at the forthcoming Annual General Meeting.

The financial statements for the financial year ended 31 March 2022 do not reflect this proposed dividend. Such dividend, if approved by shareholders, will be accounted for as an appropriation of retained earnings in the financial year ending 31 March 2023.

30. CAPITAL COMMITMENTS

	Group	
	2022 RM	2021 RM
Capital expenditure in respect of purchase of property, plant and equipment:		
Contracted but not provided for	1,434,743	1,858,000

31. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other entities.

Notes To The Financial Statements

31 March 2022 (continued)

31. RELATED PARTY DISCLOSURES (continued)

(a) Identities of related parties (continued)

Related parties of the Group include:

- (i) An associate as disclosed in Note 10 to the financial statements and its subsidiaries, namely Federal Packages Sdn. Bhd. and Muda Paper Mills Sdn. Bhd.;
 - (ii) Direct and indirect subsidiaries as disclosed in Note 9 to the financial statements;
 - (iii) Companies in which a Director, Dato' Lim Soon Huat and his close family members collectively have controlling interests - Asia Educational Supplies Sdn. Bhd., Dynamic Office Sdn. Bhd. and Dynamic Consulting & Engineering Sdn. Bhd.;
 - (iv) Company in which a Director of a subsidiary, Mr. Rodney Christopher Martin, has substantial financial interest - Christopher Martin Ltd.; and
 - (v) Key management personnel are defined as those persons having the authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Company and certain Directors of the subsidiaries.
- (b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group	
	2022	2021
	RM	RM
Related parties		
Purchases:		
- Asia Educational Supplies Sdn. Bhd.	43,831	33,447
- Dynamic Consulting & Engineering Sdn. Bhd.	235,621	36,431
- Dynamic Office Sdn. Bhd.	83,345	42,573
- Federal Packages Sdn. Bhd.	1,727,010	1,500,897
- Muda Paper Mills Sdn. Bhd.	129,646	838,373
Sales:		
- Asia Educational Supplies Sdn. Bhd.	67,014	114,845
- Dynamic Office Sdn. Bhd.	-	3,800
Consultancy fee paid to a Company in which a Director of a subsidiary has a substantial financial interest	108,972	117,652
Lease payment to a Director of a subsidiary	9,600	9,600

Notes To The Financial Statements

31 March 2022 (continued)

31. RELATED PARTY DISCLOSURES (continued)

- (b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year (continued):

	Company	
	2022 RM	2021 RM
An associate		
Dividend income	524,080	250,456
Subsidiaries		
Dividend income	55,582,408	7,190,621
Management fee received	4,454,400	3,903,784

The related party transactions described above were undertaken on mutually agreed and negotiated terms.

- (c) Compensation of key management personnel

The key management personnel comprise the Directors of the Group and their remuneration during the financial year are as disclosed in Note 25 to the financial statements.

32. CAPITAL AND FINANCIAL RISK MANAGEMENT

- (a) Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the ability of the Group to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain the optimal capital structure, the Group may adjust the dividend payouts to shareholders, repurchase its own shares or issue new shares, where necessary. There were no changes in the Group's approach to capital management during the financial year.

Notes To The Financial Statements

31 March 2022 (continued)

32. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(a) Capital management (continued)

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, borrowings, lease liabilities, trade and other payables, cash and bank balances and short-term funds. Capital includes equity attributable to owners of the parent.

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Short-term funds	80,709,504	67,194,278	6,399,095	5,663,566
Cash and bank balances	133,582,483	215,197,587	4,740,129	4,216,400
Less: Borrowings	(2,366,477)	(26,166,834)	-	-
Lease liabilities	(4,999,381)	(6,774,383)	-	-
Trade and other payables	(36,711,605)	(40,491,547)	(581,899)	(2,025,056)
Net cash	<u>170,214,524</u>	<u>208,959,101</u>	<u>10,557,325</u>	<u>7,854,910</u>
Total capital	716,591,089	679,661,700	274,147,927	221,261,302
Net cash	<u>(170,214,524)</u>	<u>(208,959,101)</u>	<u>(10,557,325)</u>	<u>(7,854,910)</u>
	<u>546,376,565</u>	<u>470,702,599</u>	<u>263,590,602</u>	<u>213,406,392</u>
Gearing ratio	*	*	*	*

* No gearing ratio is presented as the Group and the Company are in net cash position.

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity of more than twenty-five percent (25%) of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40,000,000. The Company has complied with this requirement for the financial year ended 31 March 2022.

The Group is not subject to any other externally imposed capital requirements.

(b) Financial risk management

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

32. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors and does not trade in derivative financial instruments. Financial risk management is carried out through risk review programmes, internal control systems, insurance programmes and adherence to the Group financial risk management policies.

The Group is exposed mainly to credit risk, liquidity and cash flow risk, interest rate risk, foreign currency risk and market risk. Information on the management of the related exposures is detailed below.

(i) Credit risk

The Group's exposure to credit risk arises principally from the individual characteristics of each trade receivable made on credit term, short-term funds and deposits with licensed banks, which requires the loss to be recognised if a counter party fails to perform as contracted. The Group controls the credit risk on sales by ensuring that its customers have sound financial position and credit history. The Group also seeks to invest cash assets safely and profitably with approved financial institutions in line with the policy of the Group.

The Company's primary exposure is through the amount owing by a subsidiary.

Exposure to credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables are required to pay within the credit terms granted. Information about the credit terms, lifetime expected credit losses and past due ageing is disclosed in Note 11 to the financial statements.

32. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the country profiles of its trade receivables on an ongoing basis. The credit risk concentration profile of the trade receivables of the Group at the end of the reporting period are as follows:

	Group		Group	
	2022		2021	
	RM	% of total	RM	% of total
By country:				
Malaysia	20,179,779	33%	17,807,143	35%
Asia (excluding Malaysia)	112,005	*	279,527	*
Europe	36,796,963	59%	29,910,598	59%
America	2,250,135	4%	1,246,880	3%
Others	2,524,763	4%	1,699,458	3%
	<u>61,863,645</u>	<u>100%</u>	<u>50,943,606</u>	<u>100%</u>

* Less than 1%

At the end of the reporting period, approximately 24% (2021:21%) of the trade receivables of the Group were due from one (1) (2021: one (1)) major customer who is located in Europe.

(ii) Liquidity and cash flow risk

Liquidity and cash flow risks is the risk that the Group and the Company will not be able to meet their financial obligations as they fall due. The exposure of the Group and of the Company to liquidity risk arises principally from their various payables, borrowings and lease liabilities.

The Group and the Company actively manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In liquidity risk management strategy, the Group and the Company maintain a level of cash and cash equivalents and banking facilities deemed adequate by the management to finance the Group's and the Company's operations to mitigate any adverse effects of fluctuations in cash flows.

Notes To The Financial Statements

31 March 2022 (continued)

32. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(ii) Liquidity and cash flow risk (continued)

The table below summarises the maturity profile of the Group's and the Company's liabilities at the end of each reporting period based on contractual undiscounted repayment obligations.

	On demand or within one (1) year RM	One (1) to five (5) years RM	Total RM
2022			
Group			
Financial liabilities			
Trade and other payables	36,711,605	-	36,711,605
Borrowings	2,369,257	-	2,369,257
Lease liabilities	1,579,099	3,725,027	5,304,126
Total undiscounted financial liabilities	<u>40,659,961</u>	<u>3,725,027</u>	<u>44,384,988</u>
Company			
Financial liabilities			
Trade and other payables	581,899	-	581,899
Corporate guarantees*	4,634,653	-	4,634,653
Total undiscounted financial liabilities	<u>5,216,552</u>	<u>-</u>	<u>5,216,552</u>
2021			
Group			
Financial liabilities			
Trade and other payables	40,491,547	-	40,491,547
Borrowings	26,192,841	-	26,192,841
Lease liabilities	1,755,190	5,478,543	7,233,733
Total undiscounted financial liabilities	<u>68,439,578</u>	<u>5,478,543</u>	<u>73,918,121</u>

Notes To The Financial Statements

31 March 2022 (continued)

32. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(ii) Liquidity and cash flow risk (continued)

The table below summarises the maturity profile of the Group's and the Company's liabilities at the end of each reporting period based on contractual undiscounted repayment obligations (continued).

	On demand or within one (1) year RM	One (1) to five (5) years RM	Total RM
2021			
Company			
Financial liabilities			
Trade and other payables	2,025,056	-	2,025,056
Corporate guarantees*	27,601,406	-	27,601,406
Total undiscounted financial liabilities	29,626,462	-	29,626,462

* The disclosure represents the maximum amount that is required to be settled in the event of a default and the lenders or creditors, where applicable, call on the Company to pay for the subsidiaries.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company will fluctuate because of changes in market interest rates.

The Group's and the Company's income and operating cash flows are substantially independent of changes in market interest rates. The exposure to market risk of the Group and of the Company for changes in interest rates relates primarily to the borrowings, lease liabilities and deposits placed with licensed banks.

Sensitivity analysis for interest rate risk

The net exposure to interest rate risk of the Group and of the Company is kept at a minimum level as the financial liabilities are mainly with fixed rates and the financial instruments are short-term in nature, hence any fluctuation in the interest rates will not have any significant impact to the financial statements of the Group and of the Company.

32. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(iii) Interest rate risk (continued)

The following table set out the carrying amounts, the effective interest rates and incremental borrowing rates as at the end of the reporting period and the remaining maturities of the Group's financial instruments that are exposed to interest rate risk:

	Effective interest rates/ Incremental borrowing rates %	Within one (1) year RM	One (1) to five (5) years RM	Total RM
Group Fixed rates				
2022				
Borrowings	0.87 - 1.52	(2,366,477)	-	(2,366,477)
Lease liabilities	3.05 - 5.68	(1,426,237)	(3,573,144)	(4,999,381)
Deposits with licensed banks	0.30 - 2.42	82,027,034	-	82,027,034
2021				
Borrowings	0.76 - 1.00	(26,166,834)	-	(26,166,834)
Lease liabilities	3.05	(1,565,741)	(5,208,642)	(6,774,383)
Deposits with licensed banks	0.20 - 1.50	27,155,408	-	27,155,408
Company Fixed rates				
2022				
Deposits with licensed banks	0.58	4,701,845	-	4,701,845

Notes To The Financial Statements

31 March 2022 (continued)

32. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(iv) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Company and its subsidiaries.

The Group uses forward exchange contracts to hedge its foreign currency risk. However, there was no foreign currency forward exchange contract outstanding as at 31 March 2022 and 31 March 2021.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity analysis of profit after tax of the Group and of the Company to reasonably possible change in the EUR, GBP and USD exchange rates against the functional currency of the Group and of the Company, with all other variables held constant.

Group	Effect on profit after tax Increase/(Decrease)	
	2022 RM	2021 RM
EUR/RM - strengthened by 10% (2021: 10%)	1,939,684	11,021,645
- weakened by 10% (2021: 10%)	<u>(1,939,684)</u>	<u>(11,021,645)</u>
GBP/RM - strengthened by 10% (2021: 10%)	5,536,592	5,776,058
- weakened by 10% (2021: 10%)	<u>(5,536,592)</u>	<u>(5,776,058)</u>
USD/RM - strengthened by 10% (2021: 10%)	601,223	(1,798,307)
- weakened by 10% (2021: 10%)	<u>(601,223)</u>	<u>1,798,307</u>
Company		
EUR/RM - strengthened by 10% (2021: 10%)	*	281,678
- weakened by 10% (2021: 10%)	<u>*</u>	<u>(281,678)</u>
GBP/RM - strengthened by 10% (2021: 10%)	357,363	24,280
- weakened by 10% (2021: 10%)	<u>(357,363)</u>	<u>(24,280)</u>

* Less than RM1

Sensitivity analysis of other currencies are not disclosed as the fluctuation of those foreign exchange rates against the functional currency of the Group and of the Company are not significant.

Notes To The Financial Statements

31 March 2022 (continued)

32. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(v) Price risk

Price risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company would fluctuate because of changes in quoted prices (other than interest or exchange rates).

The Group and the Company are exposed to price risk primarily arising from placements in short-term funds as at the end of the reporting period. The short-term funds are held mainly to manage free cash flows and optimise working capital rather than for trading purposes. These instruments are classified as financial assets designated at fair value through profit or loss.

To manage the price risk arising from placements in short-term funds, the Group and the Company diversify their portfolio in accordance with the limits set by the Group.

The following table demonstrates the sensitivity analysis of the profit after tax of the Group and of the Company if the asset value had been one percent (1%) higher or lower arising as a result of higher or lower fair value gains on short-term funds, designated at fair value through profit or loss, with all other variables held constant.

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Profit after tax				
- increase by 1% (2021: 1%)	613,392	510,677	48,633	43,043
- decrease by 1% (2021: 1%)	<u>(613,392)</u>	<u>(510,677)</u>	<u>(48,633)</u>	<u>(43,043)</u>

(c) Determination of fair value

The methods and assumptions used to estimate fair values of financial assets and financial liabilities are as follows:

- (i) Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair values

The carrying amounts of financial assets and liabilities, such as current trade and other receivables, cash and bank balances, trade and other payables and short-term borrowings are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

In the previous financial year, the carrying amount of the non-current other receivable is a reasonable approximation of fair value due to the insignificant impact of discounting.

Notes To The Financial Statements

31 March 2022 (continued)

32. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(c) Determination of fair value (continued)

The methods and assumptions used to estimate fair values of financial assets and financial liabilities are as follows (continued):

(ii) Short-term funds

The fair value of short term funds are determined by reference to the exchange quoted market bid prices at the close of the business at the end of each reporting period.

33. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

33.1 New MFRSs adopted during the financial year

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year:

Title	Effective Date
Amendment to MFRS 16 <i>Covid-19-Related Rent Concessions</i>	1 June 2020
Amendment to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 <i>Interest Rate Benchmark Reform - Phase 2</i>	1 January 2021
Amendment to MFRS 16 <i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>	1 April 2021 (early adopt)

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company.

33.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2022

Title	Effective Date
Annual improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendment to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates</i>	1 January 2023

33. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

33.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2022 (continued)

Title	Effective Date
Amendments to MFRS 112 <i>Deferred tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards and Amendments to the Standards, since the effects would only be observable for the future financial years.

34. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) The Company had entered into a Share Sale Agreement ('SSA') during the financial year for the acquisition of 1,666,665 ordinary shares, representing 100% equity interest in Supportive Technology Sdn. Bhd. ('STSB') for total purchase consideration of RM22,597,318. Subsequently on 21 December 2021, the Company had completed the acquisition upon the fulfilment of all conditions precedent pursuant to the SSA.
- (b) During the financial year, the Company had proposed to establish an employees' share option scheme ('Proposed ESOS') of up to 10% of the total number of issued ordinary shares (excluding treasury shares) for the eligible executive directors and employees of the Group. The Proposed ESOS was approved by the shareholders at the Extraordinary General Meeting held on 4 March 2022.

As at the end of the reporting period, there were no ESOS options being granted by the Company.

35. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 24 June 2022, the Company has offered 11,033,000 ESOS options to eligible directors and employees of the Group to subscribe for new ordinary shares in the Company, at an exercise price of RM1.5542 per share.

List of Properties

LOCATION	DESCRIPTION	LAND AREA (sq.meters)	TENURE	AGE (years)	NET BOOK VALUE (RM'000)	DATE OF REVALUATION/ ACQUISITION (*)
01) No 81 & 81A Jalan Sungai Pinang Lots P1473-1476, Section 9-W, Georgetown Daerah Timur-Laut Penang	Factory cum warehouse	2,442	Freehold	31	5,915	June 1994
02) P.T. No 1870 (Plot 16) Hilir Sungai Keluang 2 Bayan Lepas Industrial Estate (Phase IV) Mukim 12 Daerah Barat Daya Penang	Office, Factory cum warehouse	12,230	60-year lease expiring on 09-09-2051	27	7,744	June 1994 (Land) June 1995 (*) (First Building) March 2000 (*) (Second Building)
03) No 5, Lorong Perindustrian Bukit Minyak 3 Taman Perindustrian Bukit Minyak, 14100 Bukit Mertajam, Penang	Rented	1,761	60-year lease expiring on 10-10-2055	27	735	April 2000 (*)
04) No 7, Lorong Perindustrian Bukit Minyak 3 Taman Perindustrian Bukit Minyak, 14100 Bukit Mertajam, Penang	Rented	1,761	60-year lease expiring on 10-10-2055	27	674	April 2000 (*)
05) Lot 1310, Mukim 14, Daerah Seberang Prai Tengah, Penang	Office, Factory cum warehouse	27,688.91	Freehold	31	10,292	March 2004 (*)
06) PT 43263, H.S.(D) 128696 Mukim Petaling, Daerah Petaling, Selangor	Office, Factory cum warehouse	2,023	Freehold	16	2,171	April 2004 (*)
07) Kasseler Landstraße 12 D-37213 Witzendhausen Germany	Office, Factory cum warehouse	11,983	Freehold	49	4,301	January 2008 (*)
08) Zur Furthmühle 4 D-37318 Kirchgandern Germany	Office, Factory cum warehouse	21,840	Freehold	31	8,186	January 2008 (*) March 2009 (*) (Additional Warehouse)
09) Cullompton, Devon EX 15 1Q3 United Kingdom	Office, Factory cum warehouse	52,609	Freehold	-	5,318	September 2011 (*) March 2013 (*) (Additional Warehouse)
10) Ashton Road Denton, Manchester M34 3LR United Kingdom	Office, Factory cum warehouse	18,000	Freehold	-	3,016	April 2012 (*)
11) Lot 1309, Mukim 14, Daerah Seberang Prai Tengah, Penang	Office, Factory cum warehouse	30,495	Freehold	31	10,134	December 2012 (*) (Land) March 2014 (First Building) March 2021 (Second Building)
12) 2A, 6 & 8, Lorong Industri Ringan Permatang Tinggi 14, Taman Industri Ringan Permatang Tinggi, Penang	Office, Factory cum warehouse	2,319	Freehold	5	5,884	September 2017 (*)

List of Properties (continued)

LOCATION	DESCRIPTION	LAND AREA (sq.meters)	TENURE	AGE (years)	NET BOOK VALUE (RM'000)	DATE OF REVALUATION/ ACQUISITION (*)
13) Lot PT 17611, Bandar of Sungai Petani, District of Kuala Mudah, Kedah Darul Aman	Rented	4,286	Freehold	33	2,491	December 2021
14) H.S (D) 10271, PT 66400, Bandar of Sungai Petani, District of Kuala Mudah, Kedah Darul Aman H.S (D) 10272, PT 66401, Bandar of Sungai Petani, District of Kuala Mudah, Kedah Darul Aman H.S (D) 10277, PT 66406, Bandar of Sungai Petani, District of Kuala Mudah, Kedah Darul Aman H.S (D) 10278, PT 66407, Bandar of Sungai Petani, District of Kuala Mudah, Kedah Darul Aman	Office, Factory cum warehouse	17,512	60-year lease expiring on 04-04-2055	21	11,445	December 2021

Shareholding Statistics As At 30 June 2022

ISSUED SHARE CAPITAL	: RM194,759,560 (<i>inclusive of 500 treasury shares</i>)
CLASS OF SHARES	: Ordinary shares
VOTING RIGHTS	: One vote per ordinary share held

Breakdown of shareholdings

Size of Shareholdings	No. of Shareholders	No. of Shares	% of Issued and Paid-Up Share Capital
Less than 100	73	3,006	0.0015
100 - 1,000	331	238,386	0.1224
1,001 - 10,000	1,265	5,995,506	3.0784
10,001 - 100,000	520	15,929,458	8.1791
100,001 - 9,737,977	82	51,195,653	26.2866
9,737,978 to 194,759,560	2	121,397,551	62.3320
TOTAL	2,273	194,759,560	100.0000

Shareholding Statistics As At 30 June 2022 (continued)

THIRTY LARGEST DEPOSITORS AS AT 30 JUNE 2022

	NAME	NO. OF SHARES	% OF ISSUED CAPITAL
1	PRESTIGE ELEGANCE (M) SDN BHD	83,738,951	42.9961
2	AMANAHRAYA TRUSTEES BERHAD AMANA SAHAM BUMIPUTERA	37,658,600	19.3359
3	CARTABAN NOMINEES (ASING) SDN BHD BBH AND CO BOSTON FOR FIDELITY PURITAN TRUST: FIDELITY SERIES INTRINSIC OPPORTUNITIES FUND	5,300,100	2.7214
4	CARTABAN NOMINEES (ASING) SDN BHD BBH AND CO BOSTON FOR FIDELITY LOW- PRICED STOCK FUND (PRIN ALLSEC SUB)	4,500,000	2.3105
5	LIM SIEW LEE	4,122,560	2.1167
6	LIM SOON HEE	4,117,996	2.1144
7	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)	3,579,840	1.8381
8	LIM SOON HUAT	2,882,955	1.4803
9	KHOO SAW SIM	2,588,672	1.3292
10	LIM SOON WAH	2,138,870	1.0982
11	CARTABAN NOMINEES (ASING) SDN BHD SSBT FUND F9LJ FOR FIDELITY GLOBAL INTRINSIC VALUE INVESTMENT TRUST	1,752,600	0.8999
12	GOH PHAIK NGOH	1,333,772	0.6848
13	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG YEE HUI (KLC/KEN)	986,300	0.5064
14	FOO NIAN CHOU	835,584	0.4290
15	CIMB GROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR DBS BANK LTD (SFS)	730,400	0.3750
16	BEH PHAIK HOOI	681,528	0.3499

Shareholding Statistics As At 30 June 2022 (continued)

THIRTY LARGEST DEPOSITORS AS AT 30 JUNE 2022 (continued)

	NAME	NO. OF SHARES	% OF ISSUED CAPITAL
17	CARTABAN NOMINEES (ASING) SDN BHD BBH AND CO BOSTON FOR FIDELITY LOW - PRICED STOCK COMMINGLEDPOOL	651,160	0.3343
18	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	540,200	0.2774
19	LIM SOON WAH	500,000	0.2567
20	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM SOON WAH	500,000	0.2567
21	OH PHAIK WEE	418,080	0.2147
22	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KONG TIAM (CCTS)	380,000	0.1951
23	DB (MALAYSIA) NOMINEE (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR FIDELITY PURITAN TRUST - FIDELITY LOW- PRICED STOCK K6 FUND	361,200	0.1855
24	SUSY DING	360,000	0.1848
25	GOH YU TIAN	352,100	0.1808
26	GOLDEN FRESH SDN BHD	350,000	0.1797
27	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OH HAW KUANG (PENANG-CL)	349,692	0.1796
28	LUCY KHOO	334,360	0.1717
29	LIM PEI TIAM @ LIAM AHAT KIAT	333,000	0.1710
30	AFFIN HWANG NOMINEES (ASING) SDN BHD DBS VICKERS SECS (S) PTE LTD FOR LITTLE RAIN ASSETS LIMITED	325,000	0.1669
		162,703,520	83.5407

Analysis of Shareholdings As At 30 June 2022

SUBSTANTIAL SHAREHOLDERS

No.	Name	<-----Direct Interest----->		<----- Indirect Interest ----->	
		No. of Shares	% of total issued capital ^(a)	No. of Shares	% of total issued capital ^(a)
1.	Datin Khoo Saw Sim	2,588,672	1.329	83,738,951 ^(b)	43.000
2.	Dato' Lim Soon Huat	2,882,955	1.480	83,738,951 ^(b)	43.000
3.	Prestige Elegance (M) Sdn Bhd	83,738,951	43.000	-	-
4.	AmanahRaya Trustees Berhad - Amanah Saham Bumiputra	37,658,600	19.336	-	-
5.	FMR LLC	-	-	12,861,860 ^(c)	6.604
6.	Fidelity Management & Research Company LLC	-	-	12,163,900 ^(d)	6.246
7.	Abigail P. Johnson	-	-	12,861,860 ^(e)	6.604

(a) This excluded treasury shares.

(b) Deemed interest via Prestige Elegance (M) Sdn Bhd pursuant to Section 8(4) of the Companies Act 2016.

(c) Deemed interest via various investment accounts managed by FMR LLC.

(d) Deemed interest via various investment accounts managed by Fidelity Management & Research Company LLC or its subsidiaries.

(e) Deemed interest via FMR LLC pursuant to Section 8(4) of the Companies Act 2016.

DIRECTORS' SHAREHOLDINGS

No.	Name	<-----Direct Interest----->		<----- Indirect Interest ----->	
		No. of Shares	% of total issued capital ^(a)	No. of Shares	% of total issued capital ^(a)
1.	Dato' Lim Soon Huat	2,882,955	1.480	88,116,911 ^(b)	45.244
2.	Nurjannah Binti Ali ^(c)	-	-	-	-
3.	Lam Voon Kean	-	-	-	-
4.	Ng Chin Nam	-	-	-	-
5.	Chua Hooi Luan ^(c)	-	-	-	-

(a) This excluded treasury shares.

(b) Deemed interest via Prestige Elegance (M) Sdn Bhd pursuant to Section 8(4) of the Companies Act, 2016 and interest of spouse and children pursuant to Section 59 (11)(c) of the Companies Act, 2016.

(c) Ms. Chua Hooi Luan was appointed as Independent Non-Executive Director on 30 June 2022 in place of Puan Nurjannah Binti Ali who retired as Independent Non-Executive Director on the same date.

Note:

By virtue of his deemed interest in the Company, Dato' Lim Soon Huat is deemed to have interest in the shares of the subsidiaries to the extent the Company has an interest.

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty-Eighth (28th) Annual General Meeting (“AGM”) of shareholders of **ASIA FILE CORPORATION BHD.** (“AFC” or “the Company”) will be held at Olive 4 & 5, Level 6, Olive Tree Hotel, 76, Jalan Mahsuri, 11950 Bayan Lepas, Penang on Thursday, 29 September 2022 at 10.00 am, or at any adjournment thereof, for the following purposes:

Agenda

As Ordinary Business:

- | | | |
|----|---|-----------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 March 2022 and the Reports of Directors and Auditors thereon. | |
| 2. | To re-elect Dato’ Lim Soon Huat, the Director who retire pursuant to Clause 88 of the Company’s Constitution and who, being eligible offer himself for re-election. | Ordinary Resolution 1 |
| 3. | To re-elect Ms. Chua Hooi Luan, the Director who retire pursuant to Clause 95 of the Company’s Constitution and who, being eligible offer herself for re-election. | Ordinary Resolution 2 |
| 4. | To approve the payment of Directors’ fee and benefits payable up to RM600,000 for the period commencing this AGM through to the next AGM of the Company in year 2023. | Ordinary Resolution 3 |
| 5. | To approve a final single tier dividend of 2.0 sen per ordinary share for the financial year ended 31 March 2022. | Ordinary Resolution 4 |
| 6. | To re-appoint BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. | Ordinary Resolution 5 |

As Special Business:

To consider, and if thought fit, to pass the following Ordinary Resolutions, with or without modification:

- | | | |
|----|--|-----------------------|
| 7. | AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 | |
| | “THAT pursuant to Sections 75 and 76 of the Companies Act 2016 (“the Act”) and subject always to the approval of all the relevant regulatory authorities, the Board of Directors of the Company be and is hereby authorised to issue and allot from time to time such number of ordinary shares of the Company upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, PROVIDED ALWAYS THAT the aggregate number of ordinary shares to be issued pursuant to this resolution does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting (“AGM”) of the Company or the expiration of the period within which the next AGM is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier.” | Ordinary Resolution 6 |

Notice Of Annual General Meeting (continued)

8. PROPOSED RENEWAL OF AUTHORITY TO BUY BACK ITS OWN SHARES BY THE COMPANY

“THAT subject to the compliance with all applicable rules, regulations and orders made pursuant to the Act, provisions of the Constitution of the Company and the requirements of the Bursa Malaysia Securities Berhad (“Bursa Securities”) and any other approvals from all relevant governmental and/or regulatory authorities, the Directors of the Company be and are hereby authorised to purchase its own Shares through Bursa Securities, subject to the following: -

Ordinary Resolution 7

- (i) The maximum number of ordinary shares which may be purchased and/or held by the Company shall be ten per centum (10%) of the total number of issued shares of the Company for the time being (“Asia File Shares”);
- (ii) The maximum fund to be allocated by the Company for the purpose of purchasing Asia File Shares shall not exceed the retained profits of the Company which stood at RM71.82 million as at 31 March 2022 based on the audited accounts.
- (iii) The authority conferred by this Resolution will be effective immediately upon the passing of this Resolution and will continue be in force until:
 - (a) the conclusion of the next Annual General Meeting (“AGM”) of the Company, unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
 - (b) the expiration of the period within which the next AGM is required by law to be held unless earlier revoked or varied by ordinary resolution of the shareholders of the Company made before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements of the Bursa Securities or any other relevant authorities;
- (iv) Upon completion of the purchase(s) of the Asia File Shares by the Company, the Asia File Shares shall be dealt with in the following manner:-
 - (a) to cancel the Asia File Shares so purchased; or
 - (b) to retain the Asia File Shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of the Bursa Securities; or
 - (c) to retain part of the Asia File Shares so purchased as treasury shares and cancel the remainder;
 - (d) in such other manner as the Bursa Securities and such other relevant authorities may allow from time to time.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement or to effect the purchase of Asia File Shares.”

9. RETENTION AS INDEPENDENT DIRECTOR

“THAT Mr. Ng Chin Nam be retained as Independent Director of the Company, in accordance with the Malaysian Code on Corporate Governance until the conclusion of the next Annual General Meeting.”

Ordinary Resolution 8

Notice Of Annual General Meeting (continued)

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

DIVIDEND ANNOUNCEMENT

NOTICE IS HEREBY GIVEN that a depositor shall qualify for entitlement to the dividend only in respect of:

- (a) Shares transferred into the depositor's securities account before 4.30 pm on 5 October 2022 in respect of ordinary transfers; and
- (b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

The dividend, if approved, will be paid on 27 October 2022 to depositors registered in the Records of Depositors at the close of business on 5 October 2022.

BY ORDER OF THE BOARD

TAI YIT CHAN (MAICSA 7009143) (SSM PC No. 202008001023)
ONG TZE-EN (MAICSA 7026537) (SSM PC No. 202008003397)
Joint Company Secretaries
Penang, 29 July 2022

Notes:

1. Appointment of Proxy

- (a) A Member may appoint up to 2 proxies to attend and vote at the meeting. A proxy need not be a member of the Company but must be of full age of eighteen (18) years and above. If a Member appoints 2 proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- (b) Where a Member of the Company is an exempt authorised nominee 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 authorised nominee may appoint in respect of each omnibus account it holds.
- (c) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.
- (d) For a proxy to be valid, the Form of Proxy duly completed must be deposited at 170-09-01, Livingston Tower, Jalan Argyll, 10050 George Town, Penang, Malaysia not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.
- (e) In respect of deposited securities, only a Depositor whose name appears on the Record of Depositors on 20 September 2022 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy to attend and/or vote in his/her behalf.

2. Explanatory Notes:

(a) Ordinary Resolution 1: Re-election of Dato' Lim Soon Huat as Director

The profile of Dato' Lim Soon Huat who is standing for re-election under item 2 of this Agenda is set out under the profile of directors in the Annual Report 2022. Based on the recommendation of the Nomination & Remuneration Committee ("NRC"), the Board is satisfied with the performance and contributions of Dato' Lim Soon Huat and supports his re-election.

(b) Ordinary Resolution 2: Re-election of Ms. Chua Hooi Luan as Director

Ms. Chua Hooi Luan's background is set out under profile of directors in the Annual Report 2022. She was appointed as an Independent Non-Executive Director ("INED") on 30 June 2022.

The NRC had duly reviewed the qualifications, skills set and experience of Ms. Chua Hooi Luan. Upon review, the NRC unanimously agreed that recommendation be made to the Board on the appointment of Ms Chua Hooi Luan as INED of the Company.

As Ms. Chua Hooi Luan was appointed recently, the Board concurred with the NRC that she should be given opportunity to

Notice Of Annual General Meeting (continued)

contribute to the Company and therefore supports her re-election. Ms. Chua has provided confirmation of independence.

(c) **Ordinary Resolution 3: Payment of Directors' fee and benefits**

The proposed Ordinary Resolution 3, if passed, will facilitate the payment of the Directors' fee and benefits payable to the Directors for the period commencing this AGM through to the next AGM of the Company in 2023. Details of the Directors' fee and benefits payable to the Directors for the financial year ended 31 March 2022 are enumerated under the Corporate Governance Report.

The Directors' fee and benefits proposed for the period commencing this AGM through to the next AGM are calculated based on the number of scheduled Board's and Board Committees' meetings. The Board will seek approval from the shareholders at the next AGM in the event the Directors' fee and benefits proposed is insufficient due to an increase in the number of the Board's and Board Committees' meetings and/or increase in the Board size and/or revision to the existing Directors' fee and benefits structure.

During a review for financial year ended 31 March 2022, the NRC recommended and the Board has approved, subject to shareholders' approval at this AGM, an increase of Directors' fee payable to Directors.

(d) **Ordinary Resolution 6: Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016**

The proposed Ordinary Resolution 6 is for the purpose of granting a renewed general mandate ("General Mandate") and if passed, will empower the Directors of the Company, pursuant to Sections 75 and 76 of the Act, to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being. This General Mandate, unless revoked or varied by the Company in general meeting, will expire at the next AGM of the Company or the expiration of the period within which the next AGM is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier.

As at the date of this Notice, no new shares in the Company were issued pursuant to this mandate granted to the Directors at the last AGM held on 30 September 2021 and which will lapse at the conclusion of this Twenty-Eighth AGM.

This General Mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for purpose of funding further investment project(s), working capital and/or acquisitions.

(e) **Ordinary Resolution 7: Proposed Renewal of Authority To Buy Back Its Own Shares By The Company**

The Ordinary Resolution 7, if passed, will allow the Company to purchase its own shares. The total number of shares purchased shall not exceed 10% of the total number of issued shares of the Company. This authority will, unless revoked or varied by the Company in general meeting, expires at the next AGM of the Company.

(f) **Ordinary Resolution 8: Retention As Independent Director**

The Ordinary Resolution 8, if passed, will allow Mr. Ng Chin Nam to be retained and continue acting as Independent Director ("ID") to fulfill the requirements of Paragraph 3.04 of Main Market Listing Requirements of the Bursa Securities and in line with the Practice 4.2 of the Malaysian Code on Corporate Governance issued by the Securities Commission on 26 April 2017. Mr. Ng Chin Nam had served as ID for a cumulative term of more than nine years.

The NRC and the Board has assessed the independence of Mr. Ng Chin Nam and recommended him to continue act as an ID based on the following justifications:

- (a) He has 20 years of experience in the fields of accounting, auditing, taxation and corporate finance. By profession, he is able to exercise his leadership in his role as Chairman of the Audit Committee.
- (b) He has performed his duties diligently and provided independent views during deliberations and decision-making of the Board and Board Committees.
- (c) He understood the business and operations of the Group as he has been with the Group for many years.
- (d) The length of his service on the Board does not in any way interfere with his exercise of independent judgment and ability to act in the best interest of the Group.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING:

(Pursuant to Paragraph 8.27(2) of Main Market Listing Requirements of the Bursa Malaysia Securities Berhad)

No individual is standing for election as a Director at the forthcoming Twenty-Eighth Annual General Meeting of the Company.

ASIA FILE CORPORATION BHD
(Registration No. 199401027510 (313192-P))

FORM OF PROXY
Twenty-Eighth (28th)
Annual General Meeting

CDS Account No.		No. of Shares Held	
-----------------	--	--------------------	--

I*/We* _____
(Full name in Block Letters and NRIC / Company No.)
of _____ and _____
(Address) (Tel. No.)
being a member*/ members* of **Asia File Corporation Bhd** hereby appoint

Full Name (in Block Letters)	NRIC/Passport No.	No. of Shares	% of Shareholding

* and/or (*delete if not applicable)

Full Name (in Block Letters)	NRIC/Passport No.	No. of Shares	% of Shareholding

or failing *him/her, THE CHAIRMAN OF THE MEETING as my*/our* proxy, to vote for me*/us* and on my*/our* behalf at the TWENTY-EIGHTH (28TH) ANNUAL GENERAL MEETING of the Company will be held at Olive 4&5, Level 6, Olive Tree Hotel, 76, Jalan Mahsuri, 11950 Bayan Lepas, Penang on Thursday, 29 September 2022 at 10.00 am and at any adjournment thereof, in the manner indicated below:

	Ordinary Resolutions							
	1	2	3	4	5	6	7	8
FOR								
AGAINST								

(Please indicate with "X" in the appropriate space how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion)

Signed this _____ day of _____ 2022

Signature of Shareholder

Common Seal to be affixed here if
Shareholder is a Corporation

Notes:

Appointment of Proxy

- A Member may appoint up to 2 proxies to attend and vote at the meeting. A proxy need not be a member of the Company but must be of full age of eighteen (18) years and above. If a Member appoints 2 proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- Where a member of the Company is an exempt authorised nominee 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 authorised nominee may appoint in respect of each omnibus account its holds.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- For a proxy to be valid, the Form of Proxy duly completed must be deposited at 170-09-01, Livingston Tower, Jalan Argyll, 10050 George Town, Penang, Malaysia not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.
- In respect of deposited securities, only a Depositor whose name appears on the Record of Depositors on 20 September 2022 (General Meeting Record of Depositors) shall be eligible to attend and vote at the meeting or appoint proxy to attend and vote in his/her behalf.

Personal Data Privacy

By registering and/or submitting the duly executed Form of Proxy, the member and his/her proxy has consented to the Company and/or its agents/service providers to collect, use and disclose the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the 28th Annual General Meeting of the Company and any adjournment thereof. The member agrees that he/she will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.



Please fold across the lines and close

STAMP

The Company Secretaries
ASIA FILE CORPORATION BHD
Registration No. 199401027510 (313192-P)
170-09-01, Livingston Tower
Jalan Argyll, 10050 George Town
Pulau Pinang, Malaysia

Please fold across the lines and close



Asia File Corporation Bhd.

Registration No. 199401027510 (313192-P)

Plot 16, Kawasan Perindustrian Bayan Lepas,
Phase 4, Mk 12, Bayan Lepas, 11900 Penang, Malaysia.

T: +60-4-642 6601

F: +60-4-642 6602

W: www.asia-file.com

