



## ASIA FILE CORPORATION BHD

(313192-P)

(Incorporated in Malaysia)

### BOARD CHARTER

#### **Introduction**

The Board of Directors (“Board”) of Asia File Corporation Bhd (“Company”) acknowledges the importance of sound corporate governance in protecting and enhancing the interest of shareholders through excellence in leadership and management supervision. The Board has overall responsibility for the proper conduct of the Company’s business and assumes responsibility of effective stewardship and control of the Company.

#### **Purpose**

The Board Charter sets out the compositions, authorities, roles and responsibilities of the Board. This charter is available on the Company’s website at [www.asia-file.com](http://www.asia-file.com).

#### **The Board**

The Board is responsible towards the strategic planning, resources organization and the overall operations of the Group. It should always keep the shareholders informed of the overall performance of the Group and any major developments in progress. It is also crucial for the Board to understand its role to act in the best interest of the Group at all times.

#### **a) Roles and Responsibilities of the Board**

The principal roles and responsibilities of the Board in enhancing the Board’s effectiveness in pursuit of its corporate objectives encompass the following specific areas:-

- Reviewing and adopting strategic plans to deliver sustainable performance for the Group;
- Analyzing and deciding upon management’s proposals for the Group, and monitoring its implementation;
- Overseeing the conduct of the Group’s businesses, promoting good corporate culture with emphasis on ethical and professional approach;
- Monitoring the compliance with all relevant statutory and legal requirements;
- Identifying principal risk areas and ensuring that appropriate risk management system is in place to address the above risks;
- Setting a risk appetite for the Group which the management can expect to operate accordingly;
- Reviewing the adequacy and integrity of the internal control and management information system;
- Ensuring the presence of necessary skills, experience and competence among the key Senior Management;
- Implementing succession planning for Directors and Senior Management staff;
- Developing and implementing investor relations program and shareholders communication policy; and
- Ensuring the integrity and transparency of the Group’s reporting in terms of financial and non-

financial aspects.

The Board may establish other responsibilities as it deems fit to ensure that it is able to fulfill its roles effectively.

**b) Board Balance and Independence**

The Company's Article of Association stipulates a minimum of three (3) and a maximum of fifteen (15) Directors.

Pursuant to Main Market Listing Requirements, the Board should comprise of Executive and Independent Non-Executive Directors, whereby, at any one time, at least one-third (1/3) of the Board should consist of Independent Non-Executive Directors, to ensure a balance of power and authority on the Board. The Independent Non-Executive Directors provide a strong independent element within the Board.

**c) Appointment of New Directors**

With recommendations given by the Nomination & Remuneration Committee, the Board shall make a decision as to whether to appoint a new Director.

A thorough selection process will be performed in a transparent manner. The Nomination & Remuneration Committee will select potential candidates internally and externally, prior to screening and assessing the candidates' abilities, experiences and competence in the performance of their tasks. Other necessary and essential considerations including skills, expertise, knowledge, intelligence, integrity and professionalism will be included in selecting the best candidate to be recommended to the Board.

The Company Secretary will ensure that all procedures necessary in the appointment are carried out appropriately.

When a new Director is successfully being appointed, the Company Secretary shall provide the new Director with the knowledge of all relevant responsibilities. The new Director shall attend an induction program designed to allow the new Director to adapt to the new environment.

The Directorships held by any Board member at any one time should not exceed five (5) in public listed companies. All Board members should notify the Chairman of the Board prior to accepting any new Directorships in public listed companies.

**d) Retirement and Re-election**

In accordance with the Memorandum and Articles of Association of the Company, at least one-third of the Directors shall retire from office each year at the Annual General Meeting and all Directors shall retire from office once in at least each three (3) years but shall be eligible for re-election.

**e) Performance Evaluation**

The Board assesses the independence of the Directors annually by having regard to the criteria adopted through the Nomination & Remuneration Committee. The Board would apply these criteria upon admission, annually and when any new interest or relationship develops.

The performance of the Directors will also be taken into consideration, and together, will form a

basis for the Board's recommendation to shareholders at the Annual General Meeting for Directors retiring through rotation and are seeking re-election.

### **Matters Reserved for the Board**

The following are matters that the Board Committees and management may provide recommendations upon, with the final decisions reserved for the Board to decide upon:-

#### **a) Board Structure and Remunerations**

- Appointment and removal of the Chairman, Directors and Company Secretary;
- Appointment and removal of Board Committees and their members, and their terms of reference and authorities delegated, and amendments to them;
- Approving remuneration packages for Directors and Senior Management; and
- Reviewing corporate governance of the Group and approving any improvement.

#### **b) Financial Decisions**

- Approving quarterly financial results and audited financial statements;
- Approving dividend policies, interim dividends and recommending final dividends;
- Approving any issue of equity instruments; and
- Approving any changes in accounting policies and practices used.

#### **c) Operational Decisions**

- Approving any long term strategic plan of the Group;
- Approving new ventures including acquisitions and disposals of business; and
- Approving, setting, restricting and amending limits of authorities.

#### **d) Other Decisions**

- Recommending changes to the Memorandum and Articles of Association of the Group;
- Changing year end date and address of registered office of the Group; and
- Any other significant decisions and matters.

### **Chairman**

A Chairman of the Board need not be an Independent Director and is responsible for instilling sound corporate governance practices, providing good leadership and facilitating Board effectiveness.

The following illustrate the key roles and responsibilities of the Chairman:-

- Act as a leader for the Board to lead the Board to carry out responsibilities effectively;
- Setting the Board agenda and ensuring that the Board members receive accurate and complete information in a timely manner;
- Leading Board meetings and Board discussions;
- Providing leadership to the Board in establishing and monitoring sound corporate governance within the Group;
- Encouraging meeting participants to be actively participating during meetings and maintaining a neutral position to allow dissenting views to be expressed freely;
- Managing the interface between the management and the Board; and
- Ensuring that appropriate platforms exist to facilitate effective communication with stakeholders and that their views are effectively communicated to the Board.

### **Company Secretary**

The Company Secretary plays an important role which affects the Board in a direct manner. The appointment and dismissal of the Company Secretary is important and only individuals with the required qualifications and capabilities shall become the Company Secretary.

The Company Secretary must possess all the relevant knowledge which includes knowledge in company and securities law, finance, governance and other aspects of compliance including listing requirements. Continuing professional development will have to be undertaken by the Company Secretary to remain fit.

The principal roles and responsibilities of the Company Secretary mainly includes the following areas:-

- Managing meeting logistics of all meetings of the Board and the Board Committees, and attending the meetings and recording the minutes;
- Managing the processes pertaining to each Annual General Meeting in close cooperation with management and other relevant parties;
- Acting as a facilitator to enhance effective Board communications;
- Advising the Board in terms of its principal roles and responsibilities;
- Assisting in the carrying out of induction programs when necessary for new Directors and providing assistance in Directors' training and development;
- Providing advices to the Board in terms of corporate disclosures and compliance with company and securities regulations and listing requirements; and
- Monitoring developments in corporate governance and providing assistance to the Board in applying governance practices to meet the Board's requirements and expectations of stakeholders.

### **Individual Directors**

Individual Directors are to exercise their duties and responsibilities with integrity and compliance with all legal and statutory requirements.

The principal roles and responsibilities of the individual Directors include the followings:-

- Always act in good faith and in the interest of the Group;
- Maintain reasonable judgments for the business with diligence and care;
- Avoiding any possible conflicts of interest at all times with the Group;
- Refraining from abusing insider information acquired through the position as Director;
- Maintaining confidentiality of any information, decisions, deliberations and discussions which are not publicly known, and ensuring that they are not abused for any parties' interest;
- Disclosing any matters with material personal interest, and refraining from voting on such matters; and
- Ensuring compliance with company and securities regulations and all listing requirements.

### **Board Committees**

To ensure the effective discharge of its fiduciary duties and to enhance business and operational efficiency, the Board delegates specific responsibilities to the following committees while retaining all rights, control and responsibilities:-

- Audit Committee; and
- Nomination & Remuneration Committee.

The roles and responsibilities of Board Committees are as follows:-

- All committees have written terms of reference. The functions and terms of reference of Board Committees are reviewed from time to time to ensure that they remain relevant and effective.
- Minutes of all Board Committees' meetings will be circulated to the Board for their notation. The Chairman of the respective Committees will also report and update the Board on significant issues and concerns discussed and where appropriate, make the necessary recommendations to the Board.
- The Board may establish Board Committees when appropriate from time to time in order to provide assistance in the performance of the Board's roles and functions.

### **Management**

The Management team plays its role at the managerial level of the Group. It is involved in the leading and governing of the operational level of the Group in the performance of its duties. In addition, the Management serves as an intermediary between the Board at the strategic level and the operational team and submits reports to the Board for strategic decision making.

Another important role played by the Management is to provide support, guidance, encouragement and motivation to the operational team.

The following illustrates the roles and responsibilities of the Management:-

- Hiring of new employees according to needs;
- Providing training to new and existing employees;
- Conducting performance evaluations when necessary;
- Solving problems arising from daily operations;
- Monitoring operational performance and initiating actions for improvements;
- Monitoring and controlling payments and expenses;
- Providing analyses and submitting reports to the Board; and
- Providing support for decision making.

### **Board Meetings**

The Board shall meet at least four (4) times a year with additional meetings convened as the need arises.

Notices of meetings setting out the agenda and accompanied by the relevant Board papers are distributed to the Directors to enable them to peruse, and, if required, to obtain further information on issues to be deliberated.

The quorum for Board meetings shall be two (2) Directors. The agenda and paper for discussions at the meeting should be circulated to the Directors prior to the meeting to allow sufficient time for the Directors to prepare and evaluate the issues to be discussed.

Non-Executive Directors should meet with the external auditors without the presence of Executive Directors and management at least twice a year.

**Access to Information**

Members of the Board are able to access to advices and services of the Company Secretary and other professional advisors in discharging their duties and responsibilities at the expense of the Group under the approval of the Board. All corporate announcements including quarterly financial results will be reviewed and approved by the Board prior to any announcement being made to the Bursa Malaysia Securities Berhad.

**Review of the Board Charter**

The Board shall review the Board Charter periodically and make necessary amendments as and when the Board deems necessary in order to maintain its relevance and effectiveness.

This Board Charter was adopted by the Board on 2 July 2018.