



ASIA FILE CORPORATION BHD.

31st Annual General Meeting

30th September 2025 | 10.00am

Olive Tree Hotel, Level 6, Olive 4 & 5

31st Annual General Meeting



QUESTIONS FROM
PERMODALAN NASIONAL BERHAD (“PNB”)

PNB Q&A – Strategic Questions



Question 1. To disclose the Total Shareholders' Returns (TSR) of Asia File Corporation Berhad for the past 1, 3, and 5 years up to the end of the financial year ended 2025. What would the Board attribute the performance to?

Response Based on share price performance and dividends declared, Asia File's TSR as follows:

Year	Cumulative TSR performance (%)
1-year (FY2025)	-32.75%
3-year (FY2023 - FY2025)	-16.50%
5-year (FY2021 - FY2025)	+7.23%

The movements in TSR over these years reflected external market conditions, including fluctuations in global demand, supply chain disruptions, and post-pandemic economic developments, which significantly influenced investor sentiment and share price performance.

PNB Q&A – Strategic Questions



Response (Continued)

Notwithstanding these external factors, the Board attributes the performance to the Group's prudent and careful management of costs, as well as its ongoing efforts to serve and support customers in safeguarding market share. In addition, dividend payouts have contributed to TSR by cushioning volatility in share price performance.

The Board remains committed to enhancing long-term shareholder value through operational efficiency, product diversification, and disciplined investments to strengthen resilience.

PNB Q&A – Strategic Questions



Question	2. The Board's views on what are the one or two key critical drivers of TSR for the Company. Would this be return on equity, EPS growth or any other metric? If so, what was the performance of these metrics for the past 1, 3 and 5 years?														
Response	The Board is of the view that Earnings per Share (EPS) has been one of the critical driver of TSR, as it reflects the Group's ability to generate sustainable profits attributable to shareholders. Based on the Group's performance up to the end of the financial year ended 2025: <table><tr><th rowspan="2">Year</th><th colspan="2">EPS Performance (sen)</th></tr><tr><th>Basic (sen) ¹</th><th>Normalised (sen) ²</th></tr><tr><td>1-year (FY2025)</td><td>-22.53sen</td><td>+13.56 sen</td></tr><tr><td>3-year (FY2023 - FY2025)</td><td>Declined from 16.24sen to -22.53sen</td><td>Declined from 20.69sen to 13.56sen</td></tr><tr><td>5-year (FY2021 - FY2025)</td><td>Declined from 23.94sen to -22.53sen</td><td>Increased from 12.51sen to 13.56sen</td></tr></table> <u>Note:</u> 1 Basic EPS is calculated based on (loss)/profit for the financial year attributable to owners of the parent 2 Normalised EPS is calculated based on (loss)/profit for the financial year attributable to owners of the parent, exclude impairment losses and share of loss of an associate	Year	EPS Performance (sen)		Basic (sen) ¹	Normalised (sen) ²	1-year (FY2025)	-22.53sen	+13.56 sen	3-year (FY2023 - FY2025)	Declined from 16.24sen to -22.53sen	Declined from 20.69sen to 13.56sen	5-year (FY2021 - FY2025)	Declined from 23.94sen to -22.53sen	Increased from 12.51sen to 13.56sen
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PNB Q&A – Strategic Questions



Response	(Continued) The downturn recorded in FY2025 was mainly attributable to impairment losses of RM55.76 million and the share of loss of an associate amounting to RM15.79 million. Despite these impairment effects and share of loss of an associate, the Group's core operations remain stable and its underlying operating performance continued to demonstrate the resilience of its business fundamentals.
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PNB Q&A – Strategic Questions



Question	3. What are the strategic initiatives that are being put in place by the Company to improve these key drivers and enhance TSR for the next three years?
Response	The Group remains committed to strengthening its fundamentals and delivering sustainable shareholder value. In line with this, the Group has been proactive in diversifying its business portfolio by venturing into new manufacturing segments, including Industrial, Consumer and Food Ware products. In December 2021, the Group further expanded its revenue base through the acquisition of a consumer ware manufacturing and distribution company.

PNB Q&A – Strategic Questions



Response	(Continued) In recent months, since May 2025, sales across all business segments have softened due to weaker consumer sentiment, prompting the Group to moderate its pace of investment into new businesses. Nevertheless, the Group continues to maintain healthy cash reserves to support growth opportunities, while exercising discipline in capital allocation and focusing on investments that can deliver sustainable long-term earnings. Through these initiatives, the Group aims to drive earnings recovery, reinforce resilience against external challenges, and ultimately enhance TSR.
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PNB Q&A – Others Questions



Question	4. Given the declining relevance of filing products, what is management's long-term vision for the Group's revenue mix by 2030? Specifically, what level of contribution do you expect from new segments such as foodware and consumerware, and how quickly can this diversification plan be executed to offset the structural decline in filing products?
Response	The Management is mindful of the structural decline in filing products as digitalization accelerates and has therefore placed strong emphasis on expanding the Industrial, Consumer and Food Ware products as key growth drivers. The Group's long-term vision is to gradually broaden its product portfolio by actively exploring opportunities to introduce new product categories within the Industrial, Consumer and Food Ware division, thereby reducing reliance on filing products. While the newly established division is still in its early stages of development, their growth is expected to follow a pattern similar to the traditional filing business, which experienced organic growth in its initial years. This is a gradual process that will take time.

PNB Q&A – Others Questions



Response	(Continued) Nonetheless, given the recent market softness, the Group has moderated its investment plans in new businesses. The Group is carefully exploring acquisition of fully grown established businesses to expedite the diversification process. This dual approach, which is growing Industrial, Consumer and Food Ware division organically while considering strategic acquisitions is expected to support a more balanced and sustainable revenue mix in the near future.
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PNB Q&A – Others Questions



Question	5. Recurring impairments from Muda Holdings continue to erode earnings. Has the Board considered divesting this associate stake? Would it not be more prudent to exit this investment rather than continue absorbing impairment losses that weaken profitability and investor confidence?
Response	The Group's investment in Muda Holdings Berhad represents a significant stake, and divesting such a substantial investment is challenging. Muda Holdings Berhad is currently experiencing increased competition, particularly the entry of numerous foreign mills and converters into the Malaysian market, which has placed pressure on its sales and profitability. The Group will continue to monitor the performance of this investment closely.

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QUESTIONS FROM
MINORITY SHAREHOLDERS WATCH GROUP
("MSWG")

MSWG Q&A – Operational & Financial Matters



Question	1. The filing division posted total revenue of RM221.2 million in FY2025, reflecting a 10.5% decline from RM247.2 million in FY2024. (page 5 of AR 2025) a) How much was the decline in sales volume for the filing division in FY2025?
Response	The decline in revenue for filing division in FY2025 was mainly attributable to lower sales volume, reflecting softer market demand during the year. This was a key factor contributing to the overall decrease in the division's revenue.

MSWG Q&A – Operational & Financial Matters



Question	b) Did the Group implement any selling price adjustments in FY2025? If so, what was the quantum of the increase or decrease?
Response	The Group has made selective selling price adjustments in FY2025, in response to market conditions and cost fluctuations. However, the overall pricing strategy remained cautious due to competitive pressures in the market.

MSWG Q&A – Operational & Financial Matters



Question	c) What is management's view on the structural demand outlook for physical filing products in its key markets over the next 3 to 5 years?
Response	The management is mindful of the structural decline in demand for filing products across key markets. In response, the Group has placed strong emphasis on expanding the Industrial, Consumer and Food Ware segment as key growth drivers. To reduce reliance on filing products, the Group has been actively broadening its product portfolio and introducing new product categories within the Industrial, Consumer and Food Ware division, aligning with evolving consumer trends and market needs.

MSWG Q&A – Corporate Governance Matters



Question	2. The Group's Executive Chairman (EC), Dato' Lim Soon Huat, received total remuneration of RM3.81 million in FY2025, representing a 10.2% increase from RM3.46 million in FY2024. a) Can the Chairperson of the Remuneration Committee explain the rationale behind the 10.2% increase in the EC's compensation despite the Group's poor financial performance and lower dividend payout in FY2025?
Response	The Executive Chairman's (EC) compensation reflects the scope of responsibilities undertaken and long-term value contributed to the Group. During the year, significant effort was dedicated to driving the Group's diversification strategy. Under the EC's leadership, the Group added new product lines such as packaging film, vertical storage box and trolleys within the Industrial, Consumer and Food Ware segments, as part of the broader initiative to reduce reliance on traditional filing products.

MSWG Q&A – Operational & Financial Matters



Response

(Continued)

Despite a challenging operating environment, the Group continued to deliver positive operating profit. The loss before tax was mainly attributable to the impairment losses and share of loss of an associate. Therefore, the EC's compensation remains appropriate, taking into account the leadership demonstrated in navigating operational challenges, introducing new products, and overseeing transformation efforts aligned with the Group's long-term interests.

MSWG Q&A – Corporate Governance Matters



Question

b) What specific performance metrics were used to determine the CEO's remuneration?

Response

The CEO's remuneration is determined based on a balanced set of performance metrics which include the Group's overall performance, operational efficiency, particularly diversification efforts, as well as leadership effectiveness in managing risks and driving long-term value creation. These factors are assessed to ensure alignment with shareholders' interests.

MSWG Q&A – Corporate Governance Matters



Question

3. AFC has departed from Practice 1.3 of the MCCG which advocates for the separation of the positions of the Chairman and CEO to promote accountability and facilitate the division of responsibilities between them.

The Chairman is responsible for leading the Board in overseeing the management team, including decisions related to the appointment, remuneration and replacement of the CEO. The CEO, in contrast, focuses on managing the business and the company's day-to-day operations.

Separating the roles of Chairman and CEO enhances the Board's independence from management, thereby strengthening its ability to provide effective oversight.

Given that the same individual currently holds both positions, how does the Board ensure independent and effective oversight of the CEO? Has the Board considered implementing a succession plan or establishing a transition timeline to eventually separate the roles of Chairman and CEO?

MSWG Q&A – Corporate Governance Matters



Response

The current Board composition, with $\frac{3}{4}$ majority being Independent Directors, provides a strong system of check and balance mechanism. The majority of Independent Directors also serve on the boards of other public listed companies. The Board could rely on their extensive experience and knowledge to ensure that there is independence of judgement.

Furthermore, during the decision-making process, all proposals are thoroughly deliberated and considered, with decisions made collectively based on the majority view of the Board, ensuring that no single Board member can dominate the process.

The Board has noted the recommendation for the positions of Chairman and CEO to be held by different individuals. However, the Board is of the view that the current structure best serves the interest of the Group.

MSWG Q&A – Sustainability Matters



Question	4. Management has set a target to achieve net carbon neutrality by 2050 for its paper mill plant located in the United Kingdom. Efforts are currently underway at the paper mill to meet this goal. (page 42 of AR 2025) a) What specific initiatives are currently being implemented at the paper mill to progress toward carbon neutrality?
Response	The UK paper mill has implemented a number of initiatives to reduce its carbon footprint and support the transition toward carbon neutrality. As part of our commitment to renewable energy, we have installed solar panels on-site. We are also using water recycling systems to significantly reduce water usage and the energy required for its treatment. Other initiatives includes upgrading of electrical infrastructure such as utilizing high-efficiency motors, compressors fitted with inverters and installation of LED lighting across the site.

MSWG Q&A – Operational & Financial Matters



Response	(Continued) Together, these initiatives represent a meaningful step forward in our decarbonisation efforts and align with industry best practices for sustainable manufacturing.
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MSWG Q&A – Sustainability Matters



Question	b) Has the Group set interim carbon reduction targets (e.g. for 2030) to ensure accountability and track progress over time? If so, how do the current efforts align with those targets?
Response	The Group's carbon neutrality commitment is anchored in the 2050 target, and initiatives at the UK paper mill such as energy efficiency enhancements, renewable energy transition, low-carbon technology adoption, as well as efforts to reduce freshwater usage and improve water efficiency in the production process, are providing a clear pathway for measurable progress.