Asia File Corporation Bhd.

Registration No. 199401027510 (313192P)

Annual Report 2020

Contents 2020

Corporate Information

BOARD OF DIRECTORS

Dato' Lim Soon Huat
(Executive Chairman)

Ng Chin Nam
(Independent Non-Executive Director)

Lim Soon Wah
(Executive Director)

Lam Voon Kean
(Independent Non-Executive Director)

Nurjannah Binti Ali
(Independent Non-Executive Director)

Lim Soon Hee
(Alternate to Lim Soon Wah)
(Non-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

KPMG PLT

Overview of the Group's Business and Operations

Asia File Corporation Berhad and its subsidiaries ("the Group") was listed on the Bursa Malaysia since 1996. Its principal business activities are manufacturing and marketing of filing and stationery products made from paperboard, plastic and metal. Through a 100% owned subsidiary in United Kingdom, the Group also manufactures coloured paper and board for filing, educational and other specialty markets. As part of its product diversification plans, the Group has also ventured into recyclable food wares in 2018.

The Group presently operates from its six production and warehousing sites in Malaysia, two files producing plants and a paper mill located in the United Kingdom and another two manufacturing facilities in Germany. The Group owns several popular brands including ABBA, OPTION, MEGA and GUNGYU. The premier brand ABBA remains a leading brand name in Malaysia which is well recognised for its quality and durability.

The Group's products are exported to various countries globally in particular to Europe, USA, Asia Pacific, Australia, New Zealand, Middle East and Africa. The Group has successfully established itself as one of the leading filing suppliers in the United Kingdom and part of Europe.

Financial Overview

	FY 2020 RM'000	**FY 2019 RM'000**
Revenue	293,370	327,788
Results from Operating	33,058	31,906
Shares of Profits of Associate	9,000	15,984
Finance Cost	(864)	(945)
Interest Income	3,514	7,622
Profit Before tax ("PBT")	**44,708**	**54,567**
PBT %	*15.24%*	*16.65%*
Taxation	(7,843)	(6,731)
Profit After Tax ("PAT")	**36,865**	**47,836**
PAT %	*12.57%*	*14.59%*
Shareholders' Fund	**626,131**	**598,921**
Cash & Cash Equivalents	**230,120**	**177,296**
Net Asset Per Share (Cents)	**321.49**	**307.52**

The growing digitalization has yielded both opportunities and challenges to the Group's operation. It has no doubt impacted the demand for filing products and coupled with weaker growth in global economy, the Group's revenue contracted by 10.5% to RM293.37 million during the year. However, it has also opened up an exciting marketing channel for the Group as we successfully expanded our product footprints via the various online platforms. By strategizing our marketing approach, we expect to broaden our customer groups with enhanced margin. Our venture into the recyclable food wares business in recent year has proven timely as sales have more than doubled during the year. Although contribution from the recyclable food ware business is not significant in the current financial year, demand has gradually picked up and created a stable base for continuous expansion.

Profitability

Operating profit of the Group has declined as sales were weighed down by weakening demand. This was made worse during the outbreak of Covid-19 in early months of 2020 as businesses were significantly disrupted due to the lockdown or restrictive movement measures introduced in many countries including Malaysia. During the year, the Group's bottom line took a hit from impairment of its receivables of RM3.06 million as one of its debtors went into liquidation. In addition, machinery worth RM1.09 million which is no longer feasible to operate was also written off during the year.

Other than the above, overall Group's performance has also been affected by a drop in share of profits of associate which has declined from RM15.98 million in FY2019 to only RM9.00 million in FY2020.

Financial Position

The Group's financial position remains healthy, with cash and cash equivalents of RM230.12 million as at March 2020. Net asset per share has grown from RM3.08 in FY2019 to RM3.21 in FY2020.

Dividend

In recognising the needs for the Group to go beyond its traditional filing business and to provide a healthy capital base for future expansion and diversification, the Group plans to conserve cash to take advantage of potential investment opportunities. In view of the above, the Board decided that no dividend will be declared or recommended for the financial year ended 31 March 2020. The Board may declare dividends in future subject to the prevailing market conditions and the requirement to conserve capital for major acquisitions.

Anticipated Risks

Foreign Exchange Risk

Majority of the Group's revenue are transacted in foreign currencies, namely EURO & GPB. Volatile fluctuations associated with these foreign currencies against Ringgit Malaysia would affect the consolidated earnings of the Group.

Management practices careful and timely monitoring of movements in exchange rate and appropriate hedging strategies will be adopted to address such risk.

Risk Associated with New Ventures

To ensure a sustainable growth, the Group has been continuously looking out for new ventures both within and 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 or delay of payment by its customers will affect the financial position of the Group.

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 creditworthy customers after detailed evaluation of customers' financial position helps to minimize occurrence of bad debts.

Business Outlook and Prospects

Moving forward, financial year 2021 will be a challenging voyage as Covid-19 pandemic unleashed a series of unprecedented events affecting nearly every industry.

The filing industry is expected to contract further while the tightening of credit insurance availability will add further uncertainty to the industry players. Under such circumstance, staying on top of the continuous evolving market condition is paramount now than ever to navigate this challenging journey. The Group will continuously strive to increase its operational efficiency while leveraging on its product quality to enhance its competitiveness in the global market. Aside from the first phase of diversification into recyclable food ware, the Group will embark on further diversification in consumable products beyond its traditional filing products. Backed by a strong balance sheet position, the Group is confident that it would successfully steer through the challenging year in 2021.

ASIA FILE

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

- **MALAYSIA**
  - 100% ASIA FILE PRODUCTS SDN. BHD.
    - **GERMANY**
      - 100% PLASTOREG SMIDT GMBH
  - 100% AFP COMPOSITE SDN. BHD.
  - 100% ABBA MARKETING SDN. BHD.
  - 100% SIN CHUAN MARKETING SDN. BHD.
  - 100% FORMOSA TECHNOLOGY SDN. BHD.
  - 100% LIM & KHOO SDN. BHD.
- **SINGAPORE**
  - 100% PREMIER STATIONERY PTE LTD
- **UNITED KINGDOM**
  - 100% HIGHER KINGS MILL LIMITED
  - 95% PREMIER STATIONERY LIMITED

Profile of Directors

1. **Dato' Lim Soon Huat**, aged 63, 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 35 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 20 July 2020, 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 2020, he attended four (4) Board of Directors' meetings.

2. **Lim Soon Wah**, aged 53, Male, a Malaysian and a Non-Independent Executive Director. He was appointed to the Board on 3 January 1996.

   He obtained a Bachelor of Science Degree from University of Manitoba, Canada in 1986. Since then he has been actively involved in the production operation of the Company. He also holds directorships in several private limited companies.

   As at 20 July 2020, he is the registered holder of 3,138,870 shares in Asia File Corporation Bhd. He also holds 10.75% of the total shareholding in Prestige Elegance (M) Sdn Bhd, a substantial shareholder of Asia File Corporation Bhd.

   During the financial year ended 31 March 2020, he attended four (4) Board of Directors' meetings.

3. **Ng Chin Nam**, aged 50, 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 20 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 role as head of Management Information System (MIS), Human Resource and Finance in another listed company. Mr. Ng presently sits on the Board of Atta Global Group Berhad.

   During the financial year ended 31 March 2020, he attended three (3) Board of Directors' meetings.

4. **Lam Voon Kean,** aged 68, 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.

   Ms. Lam has over 30 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. Ms. 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 2020, she attended four (4) Board of Directors' meetings.

5. **Nurjannah binti Ali**, aged 61, Female, a Malaysian. She was appointed to the Board on 15 April 1999 as an Independent Non-Executive Director. She is a member of the Audit Committee and Nomination & Remuneration Committee.

   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 2020, she attended three (3) Board of Directors' meetings.

6. **Lim Soon Hee,** aged 57, Male, a Malaysian. He was appointed as a Non-Independent Non-Executive Alternate Director on 3 January 1996. On 5 June 2013, he was appointed as alternate director to Mr Lim Soon Wah.

   He has more than 10 years' experience in sales and marketing and holds directorships in various private limited companies.

   As at 20 July 2020, he is the registered holder of 4,117,996 shares in Asia File Corporation Bhd. He also holds 8.74% of the total shareholding in Prestige Elegance (M) Sdn Bhd, a substantial shareholder of Asia File Corporation Bhd.

Notes:

i) Datin Khoo Saw Sim, a substantial shareholder, is the mother of directors, Dato' Lim Soon Huat and Mr Lim Soon Wah, and alternate director, Mr Lim Soon Hee. 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 directors 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 other than traffic offences.

Mr. Rodney Christopher Martin, aged 61, Male, a British

- *Managing Director of Premier Stationery Limited*
- *Director of Higher Kings Mill Limited*

Mr. Rodney Christopher Martin graduated with a Business Degree from Middlesex University, England. He has been involved in the stationery and filing business for more than 30 years.

He was appointed as the managing director of Premier Stationery Limited since its establishment in 1997. He has been a director of Higher Kings Mill Limited since 2011. Mr. Rodney Christopher Martin is responsible for overseeing the operations of the two subsidiaries in the United Kingdom.

Mr. Rodney Christopher Martin 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.

Mr. Hubertus Rohe, aged 63, 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 52, 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 39, 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 recyclable foodware 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 niece of Mr. Lim Soon Wah and Mr. Lim Soon Hee, 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.

Ms. Lim Mei Chin, aged 35, 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 a subsidiary of Asia File Group of companies.

Ms. Lim Mei Chin is the daughter of Dato' Lim Soon Huat, the niece of Mr. Lim Soon Wah and Mr. Lim Soon Hee, 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 45, 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 with Swanson Plastics (Malaysia) Sdn Bhd as Production Manager in April 2006. He joined the Company as Plant Manager in July 2011 and 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:-

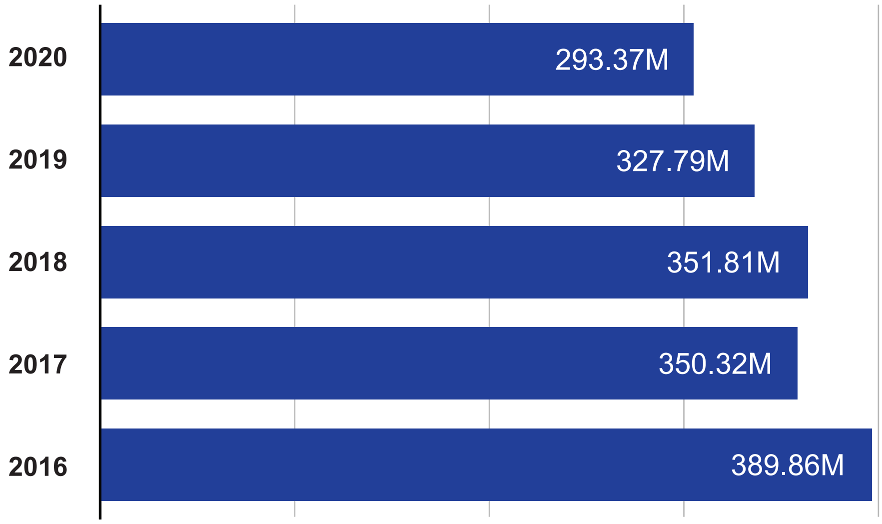
None of the Key Senior Management has:

(i) been convicted of any offence (other than traffic offences) within the past five (5) years; and

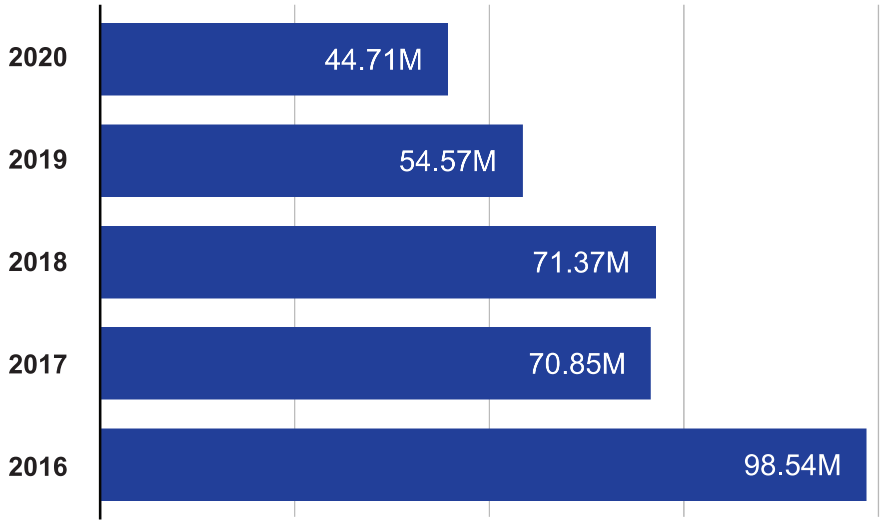
(ii) been imposed with any public sanction or penalty by the relevant bodies during the financial year ended 31 March 2020.

Group Financial Highlights

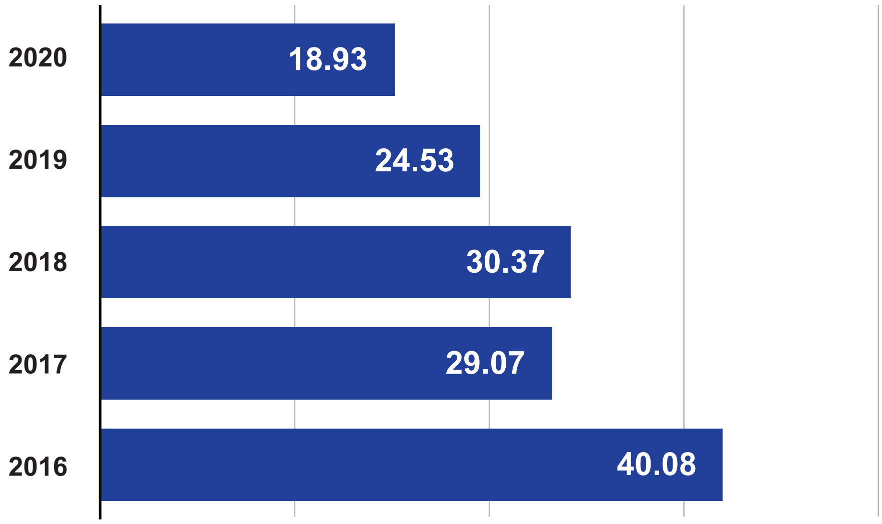
Turnover (RM)



Profit Before Taxation (RM)



Basic Earnings Per Share (Sen)



Introduction

The Board of Directors of Asia File Corporation Berhad ("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 2017 which forms part of the continuing obligations of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements").

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

The application of the Practices set out in the Code throughout FY2020 is also disclosed to Bursa Malaysia Securities Berhad in a prescribed format ("CG Report") which is published together with the Company's Annual Report. The CG Report may be downloaded from the Company's corporate website (www.asia-file.com).

Principle A: Board Leadership and Effectiveness

Board Responsibilities

The Board is collectively responsible towards the strategic planning, overseeing resources and overall operations of the Group. The roles and responsibilities of the Board in the pursuit of its corporate objectives are set out in the Board Charter. To ensure effective discharge of fiduciary duties and to enhance business and operational efficiency, the Board delegates specific responsibilities to the Board Committees namely the Audit Committee ("AC") and Nomination & Remuneration Committee ("NRC"). All Board Committees consist exclusively of Independent Non-Executive Directors. 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 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 Board convenes at least four (4) scheduled Board meetings during each financial year. The table below depicts the directors' attendance for board and board committee meetings during the year:-

Members	Board	Audit Committee	Nomination & Remuneration Committee
Dato' Lim Soon Huat *Non-Independent Executive Chairman*	4 out of 4	-	-
Mr. Lim Soon Wah *Non-Independent Executive Director*	4 out of 4	-	-
Mr. Ng Chin Nam *Independent Non-Executive Director*	4 out of 4	3 out of 4	1 out of 2
Pn. Nurjannah Binti Ali *Independent Non-Executive Director*	4 out of 4	3 out of 4	2 out of 2
Ms. Lam Voon Kean *Independent Non-Executive Director*	4 out of 4	4 out of 4	2 out of 2

Committed to ensuring 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's employee handbook also outlines the moral responsibilities of the employees in discharging their duties in an ethical manner.

The Group has also put in place a Whistleblowing Policy which serves as an early warning system to detect any improper conduct within the Group and take early corrective action. The Whistleblowing Policy 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 1 June 2020, an Anti-Bribery & Anti-Corruption Policy has been put in place to further strengthen its current processes and procedures.

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.

More than 50% of the current Board composition consists of Independent Directors with distinguished credentials and 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.

In addition, during the decision making process, 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 Main Market LR. 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.

Members of the Board 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. Board meeting papers are generally provided to the Directors one week in advance of the date of the proposed meetings. Proceedings of board meetings are minuted and circulated to the Board.

All proceedings of board meetings are properly minuted and circulated to the Board members ahead of the next Board meeting. 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.

Board Composition

The present Board consists of two (2) Executive Directors, three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Alternate Director. The two (2) Executive Directors have been actively involved in the industry for many years, bringing with them 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 provided in the Profile of Directors section of this Annual Report.

The Board took note of the recommendation of the Code where tenure of an Independent Director should not exceed a cumulative term of nine (9) years. As at the date of this report, the tenure of Puan Nurjannah Binti Ali exceeds nine (9) years, whereas both Mr. Ng Chin Nam and Ms. Lam Voon Kean would have reached their ninth year serving as Independent Directors of the Group by June 2021. The Board is of the view that the Independent Directors have performed their duties diligently and provided independent views when participating in deliberations and decision making of the Board and Board Committees. The length of their service on the Board does not in any way interfere with their 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 Puan Nurjannah Binti Ali, Mr Ng Chin Nam and Ms. Lam Voon Kean to remain as Independent Non-Executive Directors.

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. Nevertheless, the current Board composition reflects a balanced diversity with the fulfilment of at least 30% of woman participation at the Board level.

A summary of the Board composition is set out below:

Independence	Non Independent 40%	Independent 60%
Gender	Male 60%	Female 40%
Ethnicity	Malay 20%	Chinese 80%
Age Group	< 60 40%	> 60 60%
Length of Service	< 10 40%	> 20 60%

Nomination & Remuneration Committee

The NRC comprises 3 members, all of whom are Independent Non-Executive Directors. The NRC is entrusted to review and assess the adequacy and appropriateness of the Board composition. Members of the NRC are also well equipped with many years of corporate experience and are knowledgeable in the field of executive compensation.

Terms of reference of the NRC is available on the Company's website, www.asia-file.com.

Activities undertaken by the NRC for the financial year ended 31 March 2020 were as follows:

- Reviewed the overall structure, size and composition of the Board to achieve a balance of views from the Board;
- Reviewed the required mix of skills and experiences and other qualities including core competencies and time commitment of Board members;
- Assessed and reviewed the independence of the directors in delivering their judgment and decisions;
- Reviewed the criteria for evaluating Board and Board Committees' performance and recommended to the Board the adoption of the Board Evaluation & Assessment Form for the annual performance review of the Directors;
- Conducted annual performance evaluation and assessment on the effectiveness of the Board and each Board Committee in discharging its duties and responsibilities;
- Reviewed and recommended to the Board a transparent and equitable remuneration policy and framework for the Directors and Senior Management of the Group and ensured alignment of compensation to company performance and 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.

Evaluation was conducted on the Board Committee and individual Directors. All assessments and comments from the evaluation are documented and discussed during the NRC meeting which were then tabled at the Board Meeting held thereafter.

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.

The list of trainings attended by each Director is set out below:

Directors	Details of Program
Dato' Lim Soon Huat	- Print China 2019 - ChinaPlas2019 – The 33rd International Exhibition on Plastics and Rubber Industries - Malaysian International Food & Beverage Trade Fair 2019 - Fundamentals of Fixed Income Markets and Products - Credit Analysis for Bond Portfolio Management - Fine Food Australia 2019 - Plastic and Rubber Indonesia 2019
Mr. Lim Soon Wah	- Print China 2019 - FSC CoC Management Awareness Training - Cyber Security In the Boardroom – Accelerating from Acceptance to Action
Mr. Ng Chin Nam	- Tax Budget 2020
Pn. Nurjannah Binti Ali	- Tax Budget 2020 - Enhance Productivity, Manufacturing and Cost Saving by Enabling Simulation – Driven Design in SME Industry
Ms. Lam Voon Kean	- MFRS Application and Implementation Committee Awareness Programme - MFRS 16, Lease Seminar - Audit Oversight Board – Conversation with Audit Committees
Mr. Lim Soon Hee	- Print China 2019 - Cyber Security In the Boardroom – Accelerating from Acceptance to Action

Directors' Remuneration

The NRC is tasked to review and recommend to the Board a transparent and equitable remuneration policy and framework for the Directors and Senior Management of the Group.

Information on remuneration of the Directors and Senior Management in relation to Practice 7.1 and 7.2 of the Malaysian Code on Corporate Governance 2017 are provided separately in the Corporate Governance Report.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee

The Board has established an Audit Committee to assist in fulfilling its oversight responsibilities, in particular, evaluating the adequacy and efficiency of accounting policies, internal controls and financial and corporate reporting processes. In addition, the Audit Committee assesses the effectiveness of the internal auditors and the independence and effectiveness of the external auditors.

The Audit Committee consists of three (3) Independent Non-Executive Directors. Detailed composition of the AC and activities carried out by them during the year are set out separately in the Audit Committee Report in the Annual Report.

Risk Management and Internal Control Framework

The Board acknowledges its responsibility to maintain a sound risk management and internal control system. The Board has established an effective risk management and internal control framework within the Group, and through the AC, continually reviews and ensures the adequacy and effectiveness of the Group risk management and internal control system. Evaluations performed by the AC 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 year 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. A range of communication channels are used to build constructive relationship between the Group and its stakeholders. All communications with analysts, investors and media briefings are channeled 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 announcements via Bursa Securities and its Corporate 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. Shareholders are encouraged to actively participate in the question and answer session.

Notice of AGM together with the Form of Proxy will be provided to shareholders at least twenty-eight (28) days prior to the AGM, allowing sufficient time for shareholders to make necessary arrangements to attend the AGM personally, or appoint proxies to attend the AGM.

All Board members, Senior Management and the Group's external auditor are available to respond to questions raised by the shareholders during the AGM.

A media conference is usually held immediately after the AGM where the Executive Chairman and Chief Financial Officer will update media representatives on the resolutions passed and answer questions on matters relating to the Group. The outcome of the AGM is announced to Bursa Malaysia on the same meeting day.

This Statement is made in accordance with a resolution of the Board dated 21 August 2020.

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 2020.

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"). All members of the Audit Committee come from strong accounting background and as such possess the necessary knowledge to analyse and interpret financial statements in order to effectively discharge their duties and responsibilities as members of the Audit Committee.

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
	31 May 2019	30 Aug 2019	29 Nov 2019	28 Feb 2020	
Mr. Ng Chin Nam *(Chairman, Independent Non-Executive Director)*	√	√	√	-	3/4
Pn. Nurjannah Binti Ali *(Independent Non-Executive Director)*	√	√	-	√	3/4
Ms. Lam Voon Kean *(Independent Non-Executive Director)*	√	√	√	√	4/4

Further information of the members of the Audit Committee is set out in the Profile of Directors of this Annual Report and the Terms of Reference of the Audit Committee is available in the Company's website 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. During the year, the Committee carried out the following activities:-

1. Financial Reporting

a) 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.

b) The focus of review was on:-
- Changes in implementation of major accounting policies;
- Introduction of new accounting standards and additional statutory / regulatory disclosure requirements;
- Significant adjustments arising from the audit;
- Significant and unusual events; and
- Compliance with accounting standards and other legal / statutory requirements.

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 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 2020, prior to the commencement of the audit, the external auditors 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 29 June 2020. The presentation provided a summary of the external auditors' key findings arising from the audit of the consolidated financial statements as at and for the year ended 31 March 2020. No major issues which warrant any specific attention were 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 calendar year 2020 was presented by the Head of the Internal Audit Department ("IAD") and was subsequently approved by the Audit Committee on 29 November 2019.

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.

4. Corporate Governance

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 2020, 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 2020, total costs incurred for the Internal Audit function comprising staff payroll and benefits, training, travelling and incidental costs amounted to approximately RM 235,000.

This Report is made in accordance with a resolution of the Board dated 21 August 2020.

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 Recommendation 9.1 of the Malaysian Code on Corporate Governance 2017, 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'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
30 November 2018	1 January 2019 - 31 December 2019
29 November 2019	1 January 2020 - 31 December 2020

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. Production and assembly review
2. Health and safety control
3. Inventory management
4. Germany's plant operation review
5. Waste management
6. Security assessment
7. Puchong's plant operation review
8. Product quality control
9. Product certification assessment
10. Review on Sales and Debtor control

The audits were 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 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 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 weaknesses 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 21 August 2020.

Introduction

Over the years, the world has witnessed tremendous economic growth and although remarkable, these progress and prosperity come at a cost. At Asia File, we believe in striking a balance between achieving operational profitability whilst simultaneously managing economic, environmental and social risks and opportunities in order to sustain long-term business continuity.

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 ("Guidelines") issued by Bursa Malaysia Securities Berhad and covers the Group's business operations for the financial year ended 31 March 2020.

Governance Structure

The Board of Directors has the overall responsibility for sustainability at Asia File and 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. The Board is assisted by Senior Management who manages the implementation of sustainability matters at their respective operation units to ensure that intended goals and objectives are met. Compliances are subject to periodical checks by the Internal Audit Department.

Stakeholder Engagement

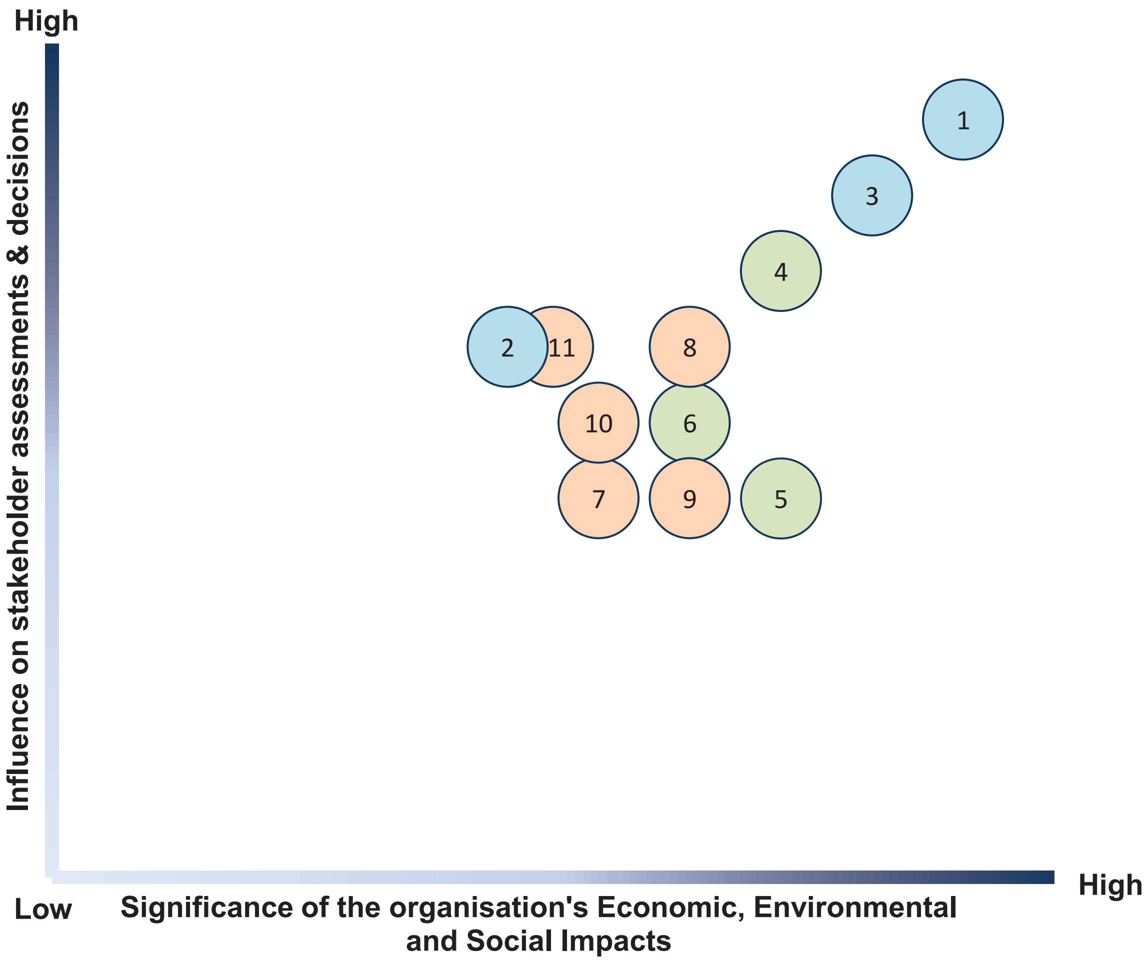
The Group acknowledges that sustainable growth is dependent on meeting and exceeding the expectations of our key stakeholders. Various communication platforms with relevant stakeholders are made available to engage with them as well as to collect their feedback. We identify stakeholders as groups with whom our business has a significant impact on and those with a vested interest in our operations. By actively engaging with our stakeholders, feedback received will help us determine our material topics and identify our focus areas.

Group	Types of Engagement	Material Matters
Shareholders & Investors	• Annual General Meetings • Correspondences with analyst /shareholders • Annual Reports • Bursa announcements • Corporate website	• Business performance and direction • Consistent profitability and dividends from the Group • Maximisation of shareholders' value • Prudent risk management
Suppliers	• Supplier evaluation form • Supplier engagements and meetings	• Sustainability and consistency in supply • Quality of goods and services • Code of conducts

Group	Types of Engagement	Material Matters
Customers	• Customer surveys/review • Frequent customer engagement and interaction • Trade fair participation and product brochures • Periodical visit and audit by customers	• Customer satisfaction • Eco-friendly products • Timely delivery
Employees	• Regular dialogues • Annual performance appraisal & staff recognition • Team bonding events • Regular safety inspection	• Remuneration and benefits • Training and development • Health and safety • Career & development opportunities
Regulators & Government Authorities	• Industry seminars and focus group discussions • Regular inspection by local authorities	• Compliance with related laws and regulations • Corporate governance
Local Communities	• Corporate social responsibility programs • Sponsorship • Corporate donations	• Contributions to our community • Environmental protection

Materiality Assessment

Based on engagements with stakeholders carried out during the year, materiality assessment was conducted internally by identifying and prioritising key sustainability matters which would have most impact to our 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. Waste Management	7. Workforce Diversity & Equal Opportunity 8. Health & Safety 9. Human Capital & Employee Welfare 10. Human Rights 11. 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. In recent years, the Group has diversified its product range to include recyclable food wares such as plastic container, paper and plastic lunch box, paper bowl and paper cups.

The Group intends to leverage on its strong financial position to undertake further product diversification which will in turn enhance its business 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 assembly and packing duties to the disabled group, providing them with an opportunity to make a sustainable living.

c) Business Integrity

With the scale and complexity of today's business, good corporate governance is crucial in ensuring that we conduct our business in a fair and ethical manner, and consider the interest of stakeholders in a responsible and holistic manner to ensure continued growth and success.

In pursuing this, we are 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 and related issues that may arise in the course of business. Under this policy, it is 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 to avoid conflict of interest and ensure compliance with anti-bribery and anti-corruption laws.

We have also put in place a Whistleblowing Policy to facilitate the reporting of unethical and improper business conducts that would affect the interest of the Group and its stakeholders.

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 found to have breached these policies.

By creating a clear communication structure, we believe that transparency would increase the confidence level of stakeholders towards our business.

Environmental Sustainability

a) Compliance

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

b) Sustainability Sourcing

Among our measures to reduce 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 also offers products with strong environmental ethics such as Blue Angel, Program for the Endorsement of Forest Certification ("PEFC") and Forest Steward Council ("FSC"). We have also successfully obtained the FSC certification for our files manufacturing plants in which the materials used for FSC certified products are to be sourced from suppliers who uphold the FSC compliances, ensuring sustainable forestry management.

The Group has also taken the initiative to use heat-treated pallets for shipments. Such pallets are more environmental friendly as no chemicals are required in their production.

c) Waste Management

Various procedures have been put in place to reuse and recycle waste products. Our plant at Permatang Tinggi has a recycling unit that recycles plastic wastes to be reused in production in order to minimise consumption of plastic material.

For materials or wastes that could not be reused or recycled, the Group has appointed government approved waste contractors to dispose of such wastes. 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.

Following the success of the initial installation of solar panels on some of our manufacturing sites last year, the Group has embarked on second phase of installation to extend the coverage area which will result in more energy savings.

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.

The Group is not aware of any incident of non-compliance with relevant laws and regulations relating to environmental protection in the countries in which we operate that would have a significant impact on the Group.

Social Sustainability

a) Workforce Diversity & Equal Opportunity

At Asia File, our working environment promotes principles of equality and practices no discrimination against employees on gender, age and ethnicity. The Group is committed to building a diverse workforce and providing a workplace that nurtures inclusion, equity and respect for all.

The Group adopts principles of fair employment, where employees are recruited and selected on the basis of merit (such as skills, experience or ability to perform the job), regardless of age, race, gender, religion, marital status and family responsibilities, or disability. All staffs are treated with dignity and respect regardless of rank. Employees are rewarded fairly based on a series of attributes which include their ability, performance, contribution, competence and experience. Staff remuneration is determined based on employees' performance, expected roles and responsibilities, and the Group's financial performance. As part of our commitment to having a well-balanced gender ratio, capable women are given a fair share of opportunity to be recruited, groomed and retained in our workforce.

b) Health and Safety

We strive to provide and maintain a safe and healthy workplace for our employees, contractors 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 laws currently in force and the relevant internal policies. Regular trainings and briefings are held to instill awareness of 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.

Amongst our on going initiatives in maintaining a safe and healthy workplace, several health and safety measures are being put in place:-

- Identify and perform regular checks on potential risk areas and safety hazards;
- Quarterly meetings held by the Health & Safety Committee in monitoring and managing the relevant health policies and procedures;
- Regular inspections to ensure building safety systems and equipment are in good functioning condition;
- Provide regular briefings and trainings such as safety awareness briefings, trainings on safe operations of forklifts and machineries;
- Provide personal protective equipment to production employees;

- Conduct fire safety audits and drills;
- Set up of emergency response team at each plant;
- Adopt strict disciplinary action against violation of any health and safety rules and policies.

c) Human Capital & Employee Welfare

The Group strives 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.

Our year-end performance appraisal review provides an excellent platform for feedback and communication between employees and Head of Departments in discussing career advancement, areas of improvement and training requirements, among others.

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

A grievances policy is established as a mechanism for employees to raise their grievances during their employment with the Group, ensuring such grievances are dealt in a prompt and fair manner, in accordance with other related policies of the Group.

Various programs have also been organised by the Group for the benefit of its employees such as festive celebrations and team building which encourage employees to mingle and interact with one another in order to foster team spirit and build a closer working relationship.

Our employees are vital to our sustainable success. We strongly believe that by maintaining a healthy work-life balance, employees can improve their productivity and ultimately their performance. All employees are entitled to a range of benefits that promote staff well-being and productivity.

In recognition of employees' loyalty, a total of 25 employees received the Long Service awards this year. The Group's Long Service Awards, which is awarded bi-annually, reinforces best behaviours, highlights achievements and appreciates employees for their efforts and dedication.

The Group believes that continuous individual development of employees is vital to our sustainable success. Training programs are planned based on the specific needs of employees and are 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. The Group will sponsor employees to attend external seminars and workshops to keep them abreast of new developments in their respective field of expertise.

d) Human Rights

The Group conducts its business in a manner that respects the rights and dignity of all people and abides by all laws and regulations. The Group prohibits any use of child or forced labour in any of its operations.

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 continued to engage in community activities that contribute positively towards social development and community welfare.

In support of promoting the Penang's culture and heritage, the Group has fully sponsored the printing of the "Penang City Eye", a quarterly pictorial magazine dedicated to Penang's lifestyle and culture. The magazine was first published in 2014 as a free, independent community magazine mainly in Mandarin with inserts of English contents. The magazine, creatively written, aims to foster a new understanding of and appreciation for Penang's heritage, customs and creative endeavours. The magazine is available from arts and life style establishments such as cafes, restaurants and homestay houses in Penang.

During the year, the Group participated in the Children's Protection Society Penang Charity Food Fair by setting up a sandwich stall. Proceeds collected from the sale of sandwiches were donated to the Children's Protection Society of Penang.

A fund raising campaign was also organized for a non-profit welfare home for disabled children located in Penang. A total of RM8,590 has been collected and donated to the home.

The Group has donated files and stationery items to primary and secondary schools and participated in sponsorships in support of community events organised by universities, certain societies or organisations.

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. Options or Convertible Securities

There were no options issued by the Company during the financial year under review.

4. Depository Receipt Programme

The Company did not sponsor any Depository Receipt Programme during the financial year.

5. 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.

6. Audit and Non-audit Fees

Fees for statutory audit paid to KPMG or its affiliates by the Company and the Group for the financial year amounted to RM23,000 and RM229,520 respectively.

Fees for non-audit services paid to KPMG or its affiliates by the Company and the Group for the financial year amounted to RM14,000 and RM71,834 respectively.

7. Variation in Results

There were no profit estimates, forecasts or projections made or released by the Company for the financial year ended 31 March 2020.

8. Profit Guarantee

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

9. 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.

10. 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 28 to the Financial Statements.

Compliance Statement

The Group has complied with the relevant principles and practices of the MCCG 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 2020

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 2020.

Principal activities

The principal activities of the Company are that of investment holding, commission agent and provider of management services. The principal activities of the subsidiaries are as stated in Note 7 to the financial statements.

There has been no significant change in the nature of these activities during the financial year.

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

Results

	Group RM	Company RM
Profit for the year attributable to:		
Owners of the Company	36,858,223	7,603,095
Non-controlling interests	6,471	-
	36,864,694	7,603,095

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

Dividends

Since the end of the previous financial year, the amount of dividends paid by the Company were as follows :

i) In respect of the financial year ended 31 March 2019 as reported in the Directors' Report of that year :

- a second interim ordinary dividend of 4 sen per ordinary share totalling RM7,790,362 declared on 28 February 2019 and paid on 16 May 2019.

ii) In respect of the financial year ended 31 March 2019 :

- a final ordinary dividend of 7 sen per ordinary share totalling RM13,633,134 declared on 27 September 2019 and paid on 31 October 2019.

The Directors do not recommend any dividend to be paid for the financial year under review.

Directors of the Company

Directors who served during the financial year until the date of this report are :

Dato' Lim Soon Huat	
Lim Soon Wah	
Nurjannah Binti Ali	
Ng Chin Nam	
Lam Voon Kean	
Lim Soon Hee	(Alternate to Mr. Lim Soon Wah)

Directors of subsidiaries

Pursuant to Section 253(2) of the Companies Act 2016, the Directors who served in the subsidiaries during the financial year and until the date of this report are as follows :

Datin Khoo Saw Sim
Dato' Lim Soon Huat
Lim Soon Wah
Lim Soon Hee
Chan Sook Chin
Goh Phaik Ngoh
Lim Chin Chin
Rodney Christopher Martin
Hubertus Rohe
Lim Mei Chin

Directors' interests in shares

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouse and/or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows :

	Number of ordinary shares			
	Balance at 1.4.2019	**Bought**	**(Sold)**	**Balance at 31.3.2020**
Interests in the Company :				
Dato' Lim Soon Huat				
- own	2,882,955	-	-	2,882,955
- others*	4,377,960	-	-	4,377,960
Lim Soon Wah				
- own	3,138,870	-	-	3,138,870
- others*	210,712	-	-	210,712
Lim Soon Hee				
- own	4,117,996	-	-	4,117,996
Deemed interest in the Company :				
Dato' Lim Soon Huat				
- own	83,738,951	-	-	83,738,951

* These are shares held in the name of the spouse and/or children and are treated as interests of the Director in accordance with the Companies Act.

By virtue of his interests in the shares of the Company, Dato' Lim Soon Huat is also deemed interested in the shares of the subsidiaries during the financial year to the extent the Company has an interest.

Other than as disclosed above, none of the other Directors holding office at 31 March 2020 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements of the Company and its related corporations) 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, other than those transactions entered into the ordinary course of business between the Group and the companies in which certain Directors have substantial financial interests as disclosed in Note 28 to the financial statements.

Directors' benefits (continued)

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

Issue of shares and debentures

There were no changes in the issued and paid-up capital of the Company and no debentures were issued by the Company during the financial year.

Options granted over unissued shares

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

Indemnity and insurance costs

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

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that :

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances :

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

Other statutory information (continued)

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist :

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 March 2020 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Auditors

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 22 to the financial statements.

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

Dato' Lim Soon Huat
Director

Lim Soon Wah
Director

Penang

Date : 26 August 2020

Financial Statements

Consolidated Statement of Financial Position
As At 31 March 2020

	Note	2020 RM	2019 RM
Assets			
Property, plant and equipment	3	99,414,988	101,464,559
Right-of-use assets	4	7,382,985	-
Prepaid lease payments	5	-	1,406,323
Investment properties	6	1,263,478	1,304,809
Intangible assets	8	30,410,313	30,743,178
Investment in an associate	9	168,251,839	162,200,612
Other investments	10	-	5,803,237
Total non-current assets		306,723,603	302,922,718
Inventories	11	94,831,980	109,426,642
Other investments	10	7,691,200	18,679,326
Trade and other receivables	12	57,179,891	68,691,982
Current tax assets		418,816	1,411,343
Cash and cash equivalents	13	230,119,955	177,295,736
Total current assets		390,241,842	375,505,029
Total assets		696,965,445	678,427,747
Equity			
Share capital	14	202,330,568	202,330,568
Treasury shares	15	(2,131)	(2,131)
Reserves	16	423,802,548	396,592,209
Total equity attributable to owners of the Company		626,130,985	598,920,646
Non-controlling interests		504,261	556,757
Total equity		626,635,246	599,477,403

Consolidated Statement of Financial Position
As At 31 March 2020 (continued)

	Note	2020 RM	2019 RM
Liabilities			
Lease liabilities		5,422,311	-
Deferred tax liabilities	17	11,725,040	10,271,621
Total non-current liabilities		17,147,351	10,271,621
Bank borrowings	18	24,748,459	27,553,116
Lease liabilities		564,118	-
Trade and other payables	19	26,316,255	32,675,578
Current tax liabilities		1,554,016	659,667
Dividend payable		-	7,790,362
Total current liabilities		53,182,848	68,678,723
Total liabilities		70,330,199	78,950,344
Total equity and liabilities		696,965,445	678,427,747

The notes on pages 62 to 151 are an integral part of these financial statements.

Consolidated Statement of Profit Or Loss And Other Comprehensive Income For The Year Ended 31 March 2020

	Note	2020 RM	2019 RM
Revenue	20	293,370,435	327,787,406
Cost of sales		(191,841,876)	(212,832,009)
Gross profit		101,528,559	114,955,397
Distribution costs		(11,130,277)	(14,190,257)
Administrative expenses		(60,520,532)	(63,122,830)
Other expenses		(4,674,726)	(8,114,688)
Other income		7,855,070	2,378,719
Results from operating activities		33,058,094	31,906,341
Share of profit of equity-accounted associate, net of tax		8,999,618	15,984,479
Finance costs	21	(864,146)	(945,007)
Interest income		3,514,329	7,621,768
Profit before tax	22	44,707,895	54,567,581
Tax expense	24	(7,843,201)	(6,731,341)
Profit for the year		36,864,694	47,836,240
Other comprehensive income/ (expense), net of tax			
Item that is or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations		4,191,486	(4,611,596)
		4,191,486	(4,611,596)

Consolidated Statement of Profit Or Loss And Other Comprehensive Income For The Year Ended 31 March 2020 (continued)

	Note	2020 RM	2019 RM
Item that will not be reclassified subsequently to profit or loss			
Share of other comprehensive (expense)/income of equity-accounted associate		(199,453)	59,676
Other comprehensive income/(expense) for the year, net of tax	25	3,992,033	(4,551,920)
Total comprehensive income for the year		40,856,727	43,284,320
Profit attributable to:			
Owners of the Company		36,858,223	47,765,108
Non-controlling interests		6,471	71,132
Profit for the year		36,864,694	47,836,240
Total comprehensive income attributable to :			
Owners of the Company		40,843,473	43,227,255
Non-controlling interests		13,254	57,065
Total comprehensive income for the year		40,856,727	43,284,320
Basic and diluted earnings per ordinary share (sen)	26	18.93	24.53

The notes on pages 62 to 151 are an integral part of these financial statements.

Consolidated Statement of Changes In Equity
For The Year Ended 31 March 2020

	Attributable to owners of the Company						
	Non-distributable			Distributable			
	Share capital RM	Treasury shares RM	Translation reserve RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
At 1 April 2018, *as previously reported*	202,330,568	(2,131)	13,799,417	369,386,166	585,514,020	499,692	586,013,712
Adjustment on initial application of MFRS 9, net of tax	-	-	-	(606,770)	(606,770)	-	(606,770)
At 1 April 2018, *restated*	202,330,568	(2,131)	13,799,417	368,779,396	584,907,250	499,692	585,406,942
Foreign currency translation differences for foreign operations	-	-	(4,597,529)	-	(4,597,529)	(14,067)	(4,611,596)
Share of other comprehensive income of equity-accounted associate	-	-	59,676	-	59,676	-	59,676
Total other comprehensive expense for the year	-	-	(4,537,853)	-	(4,537,853)	(14,067)	(4,551,920)
Profit for the year	-	-	-	47,765,108	47,765,108	71,132	47,836,240
Total comprehensive (expense)/ income for the year	-	-	(4,537,853)	47,765,108	43,227,255	57,065	43,284,320

Consolidated Statement of Changes In Equity
For The Year Ended 31 March 2020 (continued)

	Attributable to owners of the Company						
	Non-distributable			Distributable			
	Share capital RM	Treasury shares RM	Translation reserve RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
Distributions to owners of the Company							
- Dividends to owners of the Company (Note 27)	-	-	-	(29,213,859)	(29,213,859)	-	(29,213,859)
Total transactions with owners of the Company	-	-	-	(29,213,859)	(29,213,859)	-	(29,213,859)
At 31 March 2019	202,330,568	(2,131)	9,261,564	387,330,645	598,920,646	556,757	599,477,403

Consolidated Statement of Changes In Equity
For The Year Ended 31 March 2020 (continued)

	Attributable to owners of the Company						
	Non-distributable			Distributable			
	Share capital RM	Treasury shares RM	Translation reserve RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
At 1 April 2019	202,330,568	(2,131)	9,261,564	387,330,645	598,920,646	556,757	599,477,403
Foreign currency translation differences for foreign operations	-	-	4,184,703	-	4,184,703	6,783	4,191,486
Share of other comprehensive expense of equity-accounted associate	-	-	(199,453)	-	(199,453)	-	(199,453)
Total other comprehensive income for the year	-	-	3,985,250	-	3,985,250	6,783	3,992,033
Profit for the year	-	-	-	36,858,223	36,858,223	6,471	36,864,694
Total comprehensive income for the year	-	-	3,985,250	36,858,223	40,843,473	13,254	40,856,727

Consolidated Statement of Changes In Equity For The Year Ended 31 March 2020 (continued)

	Attributable to owners of the Company						
		Non-distributable		Distributable			
	Share capital RM	Treasury shares RM	Translation reserve RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
Distributions to owners of the Company							
- Dividend to owners of the Company (Note 27)	-	-	-	(13,633,134)	(13,633,134)	-	(13,633,134)
- Dividend to non-controlling interests	-	-	-	-	-	(65,750)	(65,750)
Total transactions with owners of the Company	-	-	-	(13,633,134)	(13,633,134)	(65,750)	(13,698,884)
At 31 March 2020	202,330,568	(2,131)	13,246,814	410,555,734	626,130,985	504,261	626,635,246

The notes on pages 62 to 151 are an integral part of these financial statements.

Consolidated Statement of Cash Flows
For The Year Ended 31 March 2020

	Note	2020 RM	2019 RM
Cash flows from operating activities			
Profit before tax		44,707,895	54,567,581
Adjustments for :			
Depreciation			
- Property, plant and equipment	3	8,775,365	8,637,680
- Right-of-use assets	4	1,203,089	-
- Investment properties	6	41,331	41,331
Amortisation of prepaid lease payments	5	-	38,876
Amortisation of intangible assets	8	344,318	348,751
Gain on disposal of property, plant and equipment		(38,920)	(184,359)
Interest expense	21	864,146	945,007
Interest income	22	(3,514,329)	(7,621,768)
Share of profit of equity-accounted associate, net of tax		(8,999,618)	(15,984,479)
Derivative financial assets		-	11,859
Plant and equipment written off		1,089,072	-
Unrealised foreign exchange loss/(gain)			
- trade loans		811,410	(114,396)
- others		668,761	1,160,309
Bad debts written off		61,988	18,602
Fair value (gain)/loss on other investments		(2,745,849)	3,478,093
Net impairment loss on financial assets and contract assets	22	3,061,746	206,997
Operating profit before changes in working capital		46,330,405	45,550,084
Changes in working capital :			
Inventories		15,969,506	3,402,767
Trade and other receivables		8,361,412	859,511
Trade and other payables		(7,636,359)	(3,710,397)
Cash generated from operations		63,024,964	46,101,965
Tax paid		(4,658,760)	(9,593,510)
Net cash from operating activities		58,366,204	36,508,455

Consolidated Statement of Cash Flows
For The Year Ended 31 March 2020 (continued)

	Note	2020 RM	2019 RM
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(7,021,353)	(6,715,652)
Proceeds from disposal of property, plant and equipment		60,044	186,251
Dividends received from associate		2,748,938	2,138,063
Interest received		3,514,329	7,621,768
Decrease in other investments		19,537,212	56,086,113
Net cash from investing activities		18,839,170	59,316,543
Cash flows from financing activities			
Repayment of short term borrowings		(3,616,067)	(2,450,186)
Dividends paid			
- owners of the Company		(21,423,496)	(29,213,859)
- non-controlling interests		(65,750)	-
Interest paid		(864,146)	(945,007)
Repayment of lease liabilities		(1,192,880)	-
Net cash used in financing activities		(27,162,339)	(32,609,052)
Net increase in cash and cash equivalents		50,043,035	63,215,946
Cash and cash equivalents at 1 April 2019/2018		177,295,736	116,587,382
Effect of exchange rate fluctuations on cash and cash equivalents		2,781,184	(2,507,592)
Cash and cash equivalents at 31 March	13	230,119,955	177,295,736

Cash outflows for leases as a lessee

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Included in net cash from operating activities:					
Payment relating to short-term leases	22	331,099	-	-	-
Included in net cash used in financing activities					
Interest paid on lease liabilities	21	202,847	-	-	-
Payment of lease liabilities		1,192,880	-	-	-
Total cash outflows for leases		1,726,826	-	-	-

Reconciliation of movement of liabilities to cash flows arising from financing activities

	At 1 April 2018 RM	Net changes from financing cash flows RM	Foreign exchange movement RM	At 31 March 2019 RM	Adjustment on initial application of MFRS 16 RM	At 1 April 2019 RM	Net changes from financing cash flows RM	Foreign exchange movement RM	At 31 March 2020 RM
Foreign currency trade loans	30,117,698	(2,450,186)	(114,396)	27,553,116	-	27,553,116	(3,616,067)	811,410	24,748,459
Lease liabilities	-	-	-	-	7,198,921	7,198,921	(1,192,880)	(19,612)	5,986,429

The notes on pages 62 to 151 are an integral part of these financial statements.

Statement of Financial Position
As At 31 March 2020

	Note	2020 RM	2019 RM
Assets			
Investments in subsidiaries	7	202,187,056	202,187,056
Investment in an associate	9	5,192,167	5,192,167
Total non-current asset		207,379,223	207,379,223
Other receivables	12	2,277,299	19,639,389
Current tax asset		36,729	-
Cash and cash equivalents	13	4,287,692	745,370
Total current assets		6,601,720	20,384,759
Total assets		213,980,943	227,763,982
Equity			
Share capital	14	202,330,568	202,330,568
Treasury shares	15	(2,131)	(2,131)
Reserves	16	11,157,176	17,187,215
Total equity		213,485,613	219,515,652
Liabilities			
Other payables	19	495,330	448,051
Current tax liability		-	9,917
Dividend payable		-	7,790,362
Total current liabilities		495,330	8,248,330
Total equity and liabilities		213,980,943	227,763,982

The notes on pages 62 to 151 are an integral part of these financial statements.

Statement of Profit Or Loss And Other Comprehensive Income For The Year Ended 31 March 2020

	Note	2020 RM	2019 RM
Revenue	20	11,241,734	27,639,472
Administrative expenses		(3,673,240)	(3,365,095)
Other expenses		(14,661)	(3,920)
Other income		29,959	12,609
Results from operating activities		7,583,792	24,283,066
Interest income		56,687	30,828
Profit before tax	22	7,640,479	24,313,894
Tax expense	24	(37,384)	(40,876)
Profit for the year representing total comprehensive income for the year		7,603,095	24,273,018

The notes on pages 62 to 151 are an integral part of these financial statements.

Statement of Changes In Equity
For The Year Ended 31 March 2020

	Share capital RM	Non-distributable Treasury shares RM	Distributable Retained earnings RM	Total equity RM
At 1 April 2018	202,330,568	(2,131)	22,128,056	224,456,493
Profit for the year representing total comprehensive income for the year	-	-	24,273,018	24,273,018
Distributions to owners of the Company				
- Dividend to owners of the Company (Note 27)	-	-	(29,213,859)	(29,213,859)
Total transactions with owners of the Company	-	-	(29,213,859)	(29,213,859)
At 31 March 2019	202,330,568	(2,131)	17,187,215	219,515,652

Statement of Changes In Equity
For The Year Ended 31 March 2020 (continued)

	Share capital RM	Non-distributable Treasury shares RM	Distributable Retained earnings RM	Total equity RM
At 1 April 2019	202,330,568	(2,131)	17,187,215	219,515,652
Profit for the year representing total comprehensive income for the year	-	-	7,603,095	7,603,095
Distributions to owners of the Company				
- Dividend to owners of the Company (Note 27)	-	-	(13,633,134)	(13,633,134)
Total transactions with owners of the Company	-	-	(13,633,134)	(13,633,134)
At 31 March 2020	202,330,568	(2,131)	11,157,176	213,485,613

The notes on pages 62 to 151 are an integral part of these financial statements.

Statement of Cash Flows
For The Year Ended 31 March 2020

	Note	2020 RM	2019 RM
Cash flows from operating activities			
Profit before tax		7,640,479	24,313,894
Adjustments for :			
Dividend income		(7,510,912)	(24,210,626)
Interest income		(56,687)	(30,828)
Unrealised (gain)/loss on foreign exchange		(5,510)	3,527
Operating profit before changes in working capital		67,370	75,967
Changes in working capital :			
Other receivables		17,367,600	3,897,923
Other payables		47,279	39,223
Cash generated from operations		17,482,249	4,013,113
Tax (paid)/refunded		(84,030)	24,875
Dividends received		7,510,912	24,210,626
Net cash from operating activities		24,909,131	28,248,614
Cash flows from investing activities			
Interest received		56,687	30,828
Net cash from investing activities		56,687	30,828
Cash flows from financing activities			
Dividends paid		(21,423,496)	(29,213,859)
Net cash used in financing activities		(21,423,496)	(29,213,859)
Net increase/(decrease) in cash and cash equivalents		3,542,322	(934,417)
Cash and cash equivalents at 1 April 2019/2018		745,370	1,679,787
Cash and cash equivalents at 31 March	13	4,287,692	745,370

The notes on pages 62 to 151 are an integral part of these financial statements.

Asia File Corporation Bhd. is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the registered office and principal place of business are as follows :

Registered office

170-09-01, Livingston Tower
Jalan Argyll
10050 George Town
Penang

Principal place of business

Plot 16, Kawasan Perindustrian Bayan Lepas
Phase IV
Mukim 12, Bayan Lepas,
11900 Penang

The consolidated financial statements of the Company as at and for the financial year ended 31 March 2020 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in an associate.

The Company is principally engaged as an investment holding company, commission agent and provider of management services. The principal activities of its subsidiaries are disclosed in Note 7 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 26 August 2020.

1. Basis of preparation

(a) Statement of compliance

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

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

The following are accounting standards, amendments and interpretations of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company :

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3, *Business Combinations - Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures - Interest Rate Benchmark Reform*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 June 2020

- Amendment to MFRS 16*, Leases - Covid-19-Related Rent Concessions*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to MFRS 3, *Business Combinations - Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment - Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018-2020)*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current*

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments, where applicable in the respective financial years when the above accounting standards, amendments and interpretation become effective.

The Group and the Company do not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on or after 1 January 2023 as it is not applicable to the Group and the Company.

The initial application of the abovementioned accounting standards, interpretations or amendments are not expected to have any material financial impact to the current period and prior period financial statements of the Group and of the Company.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2(c) to the financial statements.

(c) Functional and presentation currencies

These financial statements are presented in Ringgit Malaysia (“RM”), which is the Company’s functional currency. All financial information is presented in RM, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

1. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in Note 4 - Extension options and incremental borrowing rate in relation to leases, Note 6 - Valuation of investment properties, Note 8 - Intangible assets and Note 11 - Inventories.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

Arising from the adoption of MFRS 16, *Leases* on 1 April 2019, there are changes to the accounting policies applied to lease contracts entered into by the Group entities as compared to those adopted in previous financial statements. The impacts arising from the changes are disclosed in Note 34 to the financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as a financial asset depending on the level of influence retained.

(v) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(v) Associates (continued)

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of the investment includes transaction costs.

(vi) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2. Significant accounting policies (continued)

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting period, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 April 2012 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

2. Significant accounting policies (continued)

(b) Foreign currency (continued)

(ii) Operations denominated in functional currencies other than Ringgit Malaysia (continued)

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(c) Financial instruments

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statements of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any, interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(h)(i)) where the effective interest rate is applied to the amortised cost.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial assets (continued)

(b) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss are subject to impairment assessment (see Note 2(h)(i)).

Financial liabilities

Amortised cost

Financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iii) Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Settlement date accounting refers to:

(a) the recognition of an asset on the day it is received by the Group or the Company, and
(b) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group or the Company.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group or the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

(iv) Financial guarantee contracts

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 to the principles of MFRS 15, *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(v) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(vi) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within “other income” and “other expenses” respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(iii) Depreciation (continued)

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The principal depreciation rates for the current and comparative periods based on their estimated useful lives are as follows:

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

(e) Leases

The Group has applied MFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised at 1 April 2019, if any. Accordingly, the comparative information presented for 2019 has not been restated - i.e. it is presented, as previously reported under MFRS 117, *Leases* and related interpretations.

Current financial year

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

2. Significant accounting policies (continued)

(e) Leases (continued)

Current financial year (continued)

(i) Definition of a lease (continued)

- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement

(a) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective group entities' incremental borrowing rate. Generally, the group entities use their incremental borrowing rate as the discount rate.

2. Significant accounting policies (continued)

(e) Leases (continued)

Current financial year (continued)

(ii) Recognition and initial measurement (continued)

(a) As a lessee (continued)

Lease payments included in the measurement of the lease liability comprise the following :

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amount expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

2. Significant accounting policies (continued)

(e) Leases (continued)

Current financial year (continued)

(ii) Recognition and initial measurement (continued)

(b) As a lessor (continued)

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

(iii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

2. Significant accounting policies (continued)

(e) Leases (continued)

Current financial year (continued)

(iii) Subsequent measurement (continued)

(b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other income".

Previous financial year

Operating lease

Leases, where the Group did not assume substantially all the risks and rewards of ownership were classified as operating leases and the leased assets were not recognised on the statement of financial position. Property interest held under an operating lease, which was held to earn rental income or for capital appreciation or both was classified as investment property and measured using fair value model.

Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised in profit or loss as an integral part of the total lease expense over the term of the lease. Contingent rentals were charged to profit or loss in the reporting period in which they were incurred.

Leasehold land which in substance was an operating lease was classified as prepaid lease payments.

(f) Intangible assets

(i) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

2. Significant accounting policies (continued)

(f) Intangible assets (continued)

(ii) Other intangible assets

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iv) Amortisation

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful life for the current and comparative periods is as follows:

- Customer contracts - 7 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(g) Investment property

(i) Investment property carried at cost

Investment properties are properties which are owned or right-of-use asset held under a lease contract to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administration purposes. These include land (other than prepaid lease payments) held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

2. Significant accounting policies (continued)

(g) Investment property (continued)

(i) Investment property carried at cost (continued)

Investment properties which are owned are measured initially and subsequently at cost less any accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 2(d).

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs. Right-of-use asset held under a lease contract that meets the definition of investment property is initially and subsequently measured similarly as other right-of-use assets.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(ii) Reclassification to/from investment property

When an item of property, plant and equipment is transferred to investment properties following a change in its use, evidenced by commencement of owner-occupation, for a transfer from investment properties to owner-occupied property or end of owner-occupation, for a transfer from owner-occupied property to investment property.

Transfer between investment properties and property, plant and equipment does not change the carrying amount of the property transferred.

(iii) Determination of fair value

The Directors estimate the fair values of the Group's investment properties based on the Directors' own assessment by reference to market evidence of transaction prices for similar properties.

2. Significant accounting policies (continued)

(h) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, contract assets and lease receivables.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

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 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 and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

2. Significant accounting policies (continued)

(h) Impairment (continued)

(i) Financial assets (continued)

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

(ii) Other assets

The carrying amounts of other assets (except for inventories and contract assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

2. Significant accounting policies (continued)

(h) Impairment (continued)

(ii) Other assets (continued)

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(i) Inventories

Inventories are measured at the lower of cost and net realisable value.

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 them to their existing location and condition. In the case of work-in-progress and manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2. Significant accounting policies (continued)

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

(k) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(l) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statements of changes in equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

2. Significant accounting policies (continued)

(m) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(n) Revenue and other income

(i) Revenue

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group or the Company transfers control of a good or service at a point in time unless one of the following over time criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;
(b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
(c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

2. Significant accounting policies (continued)

(n) Revenue and other income (continued)

(ii) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from subleased property is recognised as other income.

(iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iv) Commission

When the Group acts 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.

(v) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(o) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

2. Significant accounting policies (continued)

(o) Income tax (continued)

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(p) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plan if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2. Significant accounting policies (continued)

(p) Employee benefits (continued)

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(q) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effect of all dilutive potential ordinary shares.

(r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(s) Contingencies

(i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2. Significant accounting policies (continued)

(s) Contingencies (continued)

(ii) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

(t) Fair value measurements

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. Property, plant and equipment - Group

	Land RM	Buildings RM	Plant and machinery RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Asset under construction RM	Total RM
Cost							
At 1 April 2018	17,408,759	90,492,943	174,821,946	20,683,840	8,758,018	-	312,165,506
Additions	-	189,026	5,454,582	454,980	577,064	40,000	6,715,652
Disposals	-	-	(57,575)	(164,034)	(616,212)	-	(837,821)
Write off	-	-	-	(980)	-	-	(980)
Effect of movements in exchange rates	(126,437)	(1,508,265)	(2,805,307)	(606,635)	(139,100)	-	(5,185,744)
At 31 March 2019/ 1 April 2019	17,282,322	89,173,704	177,413,646	20,367,171	8,579,770	40,000	312,856,613
Additions	-	149,130	6,351,946	352,061	168,216	-	7,021,353
Disposals	-	(38,912)	(939,147)	(185,006)	(233,338)	-	(1,396,403)
Write off	-	-	(2,897,320)	(709)	-	-	(2,898,029)
Reclassifications	-	40,000	-	-	-	(40,000)	-
Effect of movements in exchange rates	126,437	1,423,542	2,687,761	600,632	128,280	-	4,966,652
At 31 March 2020	17,408,759	90,747,464	182,616,886	21,134,149	8,642,928	-	320,550,186

3. Property, plant and equipment - Group (continued)

	Land RM	Buildings RM	Plant and machinery RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Asset under construction RM	Total RM
Accumulated depreciation							
At 1 April 2018	-	40,359,817	141,386,966	18,353,486	7,595,117	-	207,695,386
Depreciation for the year	-	2,162,730	5,301,124	637,815	536,011	-	8,637,680
Disposals	-	-	(57,566)	(162,156)	(616,207)	-	(835,929)
Write off	-	-	-	(980)	-	-	(980)
Effect of movements in exchange rates	-	(996,050)	(2,434,259)	(552,327)	(121,467)	-	(4,104,103)
At 31 March 2019/ 1 April 2019	-	41,526,497	144,196,265	18,275,838	7,393,454	-	211,392,054
Depreciation for the year	-	2,115,960	5,595,265	569,794	494,346	-	8,775,365
Disposals	-	(20,272)	(939,128)	(182,575)	(233,304)	-	(1,375,279)
Write off	-	-	(1,808,551)	(406)	-	-	(1,808,957)
Effect of movements in exchange rates	-	1,004,250	2,469,845	560,151	117,769	-	4,152,015
At 31 March 2020	-	44,626,435	149,513,696	19,222,802	7,772,265	-	221,135,198

3. Property, plant and equipment - Group (continued)

	Land RM	Buildings RM	Plant and machinery RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Asset under construction RM	Total RM
Carrying amounts							
At 1 April 2018	17,408,759	50,133,126	33,434,980	2,330,354	1,162,901	-	104,470,120
At 31 March 2019/ 1 April 2019	17,282,322	47,647,207	33,217,381	2,091,333	1,186,316	40,000	101,464,559
At 31 March 2020	17,408,759	46,121,029	33,103,190	1,911,347	870,663	-	99,414,988

4. Right-of-use assets - Group

	Land RM	Building RM	Total RM
At 1 April 2019	1,406,323	7,198,921	8,605,244
Depreciation for the year	(38,876)	(1,164,213)	(1,203,089)
Effect of movements in exchange rates	-	(19,170)	(19,170)
At 31 March 2020	1,367,447	6,015,538	7,382,985

The Group leases land and building than run between 10 years to 55 years, where the building is with an option to renew the lease after the expiry of the initial lease period.

4.1 Extension options

The lease of building contains extension options exercisable by the Group ranging from 1 year to 10 years before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

	Lease liabilities recognised (discounted) RM
Buildings	5,986,429

4.2 Significant judgements and assumptions in relation to leases

The Group assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. Group entities consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

4. Right-of-use assets - Group (continued)

4.2 Significant judgements and assumptions in relation to leases (continued)

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

5. Prepaid lease payments - Group

	Unexpired period less than 50 years RM
Cost	
At 1 April 2018/31 March 2019	2,294,116
Adjustment on initial application of MFRS 16	(2,294,116)
At 1 April 2019 per MFRS 16/31 March 2020	-
Amortisation	
At 1 April 2018	848,917
Amortisation for the year	38,876
At 31 March 2019	887,793
Adjustment on initial application of MFRS 16	(887,793)
At 1 April 2019 per MFRS 16/31 March 2020	-
Carrying amounts	
At 1 April 2018	1,445,199
At 31 March 2019	1,406,323
At 1 April 2019 per MFRS 16/31 March 2020	-

6. Investment properties - Group

	RM
Cost	
At 1 April 2018/31 March 2019/1 April 2019/ 31 March 2020	2,066,583
Accumulated depreciation	
At 1 April 2018	720,443
Depreciation for the year	41,331
At 31 March 2019/1 April 2019	761,774
Depreciation for the year	41,331
At 31 March 2020	803,105
Carrying amounts	
At 1 April 2018	1,346,140
At 31 March 2019/1 April 2019	1,304,809
At 31 March 2020	1,263,478

Investment properties comprise factory buildings that are leased to third parties. The leases are entered into for a period of 5 years. Subsequent renewals are to be negotiated with the lessees. No contingent rents are charged. The Group does not charge variable lease payments that do not depend on an index or rate.

The following are recognised in the profit or loss in respect of investment properties :

	2020 RM	2019 RM
Lease income	288,564	259,172
Direct operating expenses - income generating investment properties	15,406	14,818

The operating lease payments to be received are as follows :

	2020 RM	2019 RM
Less than one year	294,564	294,324
1 - 2 years	150,282	294,564
2 - 3 years	-	150,282
Total undiscounted lease payments	444,846	739,170

6. Investment properties - Group (continued)

Fair value information

The fair value of the investment properties as at 31 March was categorised as level 3 of the fair value hierarchy. Based on the Directors' estimation using the latest available market information and recent experience and knowledge in the location and category of property being valued, the fair value of the investment properties of the Group is approximately RM4,000,000 (2019 : RM4,000,000).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment properties. The valuation technique used in determination of fair value within Level 3 is as follows:

Description of valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Comparison approach: This approach entails comparing the property with similar properties that were listed for sale within the same locality or other comparable localities.	Price per square foot (2020 : RM139, 2019 : RM139)	The estimated fair value would increase/(decrease) if the price per square foot is higher/(lower).

Valuation processes applied by the Group for Level 3 fair value

The fair value of investment properties is based on estimates of market value by Directors by comparing the Group's investment properties with similar properties that were listed for sale within the same locality or other comparable localities. The fair values of the Group's investment properties and changes in Level 3 fair values are analysed by management annually.

7. Investments in subsidiaries - Company

	2020 RM	2019 RM
Unquoted shares, at cost	198,068,043	198,068,043
Add: Share-based payments allocated to subsidiaries	4,119,013	4,119,013
	202,187,056	202,187,056

Details of the subsidiaries are as follows :

Name of entity	Effective ownership interest and voting interest 2020	2019	Country of incorporation	Principal activities
Asia File Products Sdn. Bhd. ("AFP")	100%	100%	Malaysia	Manufacture and sale of stationery products and recyclable food wares. During the financial year ended 31 March 2020, AFP also manufactured and sold other paper and plastic based products.
Sin Chuan Marketing Sdn. Bhd.	100%	100%	Malaysia	Dormant
Lim & Khoo Sdn. Bhd.	100%	100%	Malaysia	Investment holding
Formosa Technology Sdn. Bhd.	100%	100%	Malaysia	Manufacturing and trading of recyclable food wares
ABBA Marketing Sdn. Bhd. ("ABBA")	100%	100%	Malaysia	Trading of stationery products, graphic designing and desktop publishing. During the financial year ended 31 March 2020, ABBA also traded in recyclable food wares.

7. Investments in subsidiaries - Company (continued)

Details of the subsidiaries are as follows (continued) :

Name of entity	Effective ownership interest and voting interest 2020	2019	Country of incorporation	Principal activities
AFP Composite Sdn. Bhd.	100%	100%	Malaysia	Manufacture and supply of plastic related products and filing products
Premier Stationery Limited *	95%	95%	United Kingdom	Import and distribution of stationery products
Premier Stationery Pte. Ltd. *	100%	100%	Singapore	Trading of stationery products
Higher Kings Mill Limited *	100%	100%	United Kingdom	Manufacture and sale of coloured paper and boards for filing, educational and other specialty markets
Subsidiary of Asia File Products Sdn. Bhd.				
Plastoreg Smidt GmbH #	100%	100%	Germany	Manufacture and distribution of stationery products

* Not audited by member firms of KPMG International
\# Audited by a member firm of KPMG International

There is no disclosure of the summarised financial information for non-controlling interest ("NCI") as the NCI is not significant to the Group.

8. Intangible assets - Group

	Goodwill RM	Customer contracts RM	Total RM
Cost			
At 1 April 2018	30,234,456	2,744,188	32,978,644
Effect of movements in exchange rates	-	(98,007)	(98,007)
At 31 March 2019/ 1 April 2019	30,234,456	2,646,181	32,880,637
Effect of movements in exchange rates	-	98,007	98,007
At 31 March 2020	30,234,456	2,744,188	32,978,644
Amortisation			
At 1 April 2018	-	1,864,921	1,864,921
Amortisation for the year	-	348,751	348,751
Effect of movements in exchange rates	-	(76,213)	(76,213)
At 31 March 2019/ 1 April 2019	-	2,137,459	2,137,459
Amortisation for the year	-	344,318	344,318
Effect of movements in exchange rates	-	86,554	86,554
At 31 March 2020	-	2,568,331	2,568,331
Carrying amounts			
At 1 April 2018	30,234,456	879,267	31,113,723
At 31 March 2019/ 1 April 2019	30,234,456	508,722	30,743,178
At 31 March 2020	30,234,456	175,857	30,410,313

8. Intangible assets - Group (continued)

Goodwill has been allocated to the Group's cash-generating units ("CGU") identified in a foreign subsidiary's operations acquired in the past. The aggregate carrying amount of goodwill allocated was RM30.2 million (2019 : RM30.2 million).

Goodwill is allocated to Group's CGU expected to benefit from the synergies of the acquisition. For annual impairment testing purpose, the recoverable amount of the CGU is based on its value-in-use. The value in use calculations apply a discounted cash flow model using cash flow projections based on the financial forecast. The key assumptions for the computation of value-in-use include the discount rate applied of approximately 6% (2019 : 6%). Discount rate used is based on the pre-tax weighted average cost of capital plus an appropriate risk premium, where applicable, at the assessment of the respective CGU. Cash flow projections are based on five years financial budgets.

Management believes that any reasonably possible change in the key assumptions would not cause the recoverable amount of the CGU to be materially below their carrying amounts. Based on this review, there is no evidence of impairment on the Group's goodwill.

9. Investment in an associate

	2020 RM	2019 RM
Group		
Investment in shares	47,041,909	47,041,909
Share of post acquisition reserves	121,209,930	115,158,703
	168,251,839	162,200,612
Fair value of quoted shares - Level 1	65,363,625	114,233,625
Company		
Investment in shares	5,192,167	5,192,167
Fair value of quoted shares - Level 1	6,699,698	11,708,818

9. Investment in an associate (continued)

Details of the associate are as follows :

Name of entity	Effective ownership interest and voting interest 2020 %	2019 %	Country of incorporation	Principal activity
Muda Holdings Berhad	20.03	20.03	Malaysia	Investment holding

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

	2020 RM'000	2019 RM'000
Muda Holdings Berhad		
Summarised financial information As at 31 March		
Non-current assets	940,932	972,023
Current assets	649,112	670,577
Non-current liabilities	(201,533)	(206,117)
Current liabilities	(523,675)	(602,376)
Non-controlling interests	(24,755)	(24,319)
Net assets	840,081	809,788
Year ended 31 March		
Profit from continuing operations	44,941	79,821
Other comprehensive (expense)/income	(997)	298
Total comprehensive income	43,944	80,119
Included in the total comprehensive income is :		
Revenue	1,479,849	1,550,892

9. Investment in an associate (continued)

	2020 RM'000	2019 RM'000
Reconciliation of net assets to carrying amount as at 31 March		
Group's share of net assets representing carrying amount of the associate in the statement of financial position	168,252	162,201
Group's share of results for the year ended 31 March		
Group's share of profit or loss from continuing operations	8,999	15,984
Group's share of other comprehensive (expense)/income	(199)	60
Group's share of total comprehensive income	8,800	16,044
Other information		
Dividends received by the Group	2,749	2,138

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

10. Other investments - Group

	2020 RM	2019 RM
Non-current		
Fair value through profit or loss :		
Investment in quoted shares	-	5,803,237
Current		
Fair value through profit or loss :		
Equity-linked investments	7,691,200	9,943,000
Short term funds	-	8,736,326
	7,691,200	18,679,326
	7,691,200	18,679,326

11. Inventories - Group

	2020 RM	2019 RM
Raw materials	52,525,201	64,956,551
Consumable and spare parts	3,987,021	3,758,778
Work-in-progress	4,039,184	4,625,610
Manufactured inventories	34,280,574	36,085,703
	94,831,980	109,426,642
Recognised in profit or loss :		
Inventories recognised as cost of sales	191,630,582	212,757,842
Write down of inventories included in cost of sales	211,294	74,167

12. Trade and other receivables

	Note	2020 RM	2019 RM
Group			
Trade			
Trade receivables from contracts with customers	12.1	49,838,061	58,297,685
Non-trade			
Other receivables		4,038,136	5,687,056
Indirect tax receivable		390,044	1,729,333
Deposits		711,715	841,993
Prepayments		2,201,935	2,135,915
		7,341,830	10,394,297
		57,179,891	68,691,982
Company			
Non-trade			
Amount due from subsidiaries	12.2	2,277,124	19,639,389
Other receivables		175	-
		2,277,299	19,639,389

12. Trade and other receivables (continued)

12.1 Trade receivables from contracts with customers

Included in trade receivables from contracts with customers of the Group is an amount due from companies in which a Director and his close family members collectively have controlling interests of RM53,237 (2019 : RM100,882).

12.2 Amount due from subsidiaries

The non-trade amount due from subsidiaries is unsecured, interest-free and repayable on demand.

13. Cash and cash equivalents

	Note	2020 RM	2019 RM
Group			
Short term deposits with licensed banks		69,898,925	10,688,907
Short term funds	13.1	72,429,655	12,106,863
Cash and bank balances		87,791,375	154,499,966
		230,119,955	177,295,736
Company			
Short term deposits with a licensed bank		2,888,701	-
Short term funds	13.1	1,276,451	2,309
Cash and bank balances		122,540	743,061
		4,287,692	745,370

13.1 Short term funds

The amount represents investment in money market funds which can be redeemed within 1 day after the receipt of the request to repurchase.

14. Share capital - Group/Company

	2020		2019	
	Amount RM	Number of shares	Amount RM	Number of shares
Ordinary shares, issued and fully paid with no par value	202,330,568	194,759,560	202,330,568	194,759,560

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. In respect of the Company's treasury shares that are held by the Group, all rights are suspended until those shares are reissued.

15. Treasury shares - Group/Company

The shareholders of the Company, by a special resolution passed at an Extraordinary General Meeting held on 25 September 2001 approved the Company's plan to purchase its own shares.

There was no movement in treasury shares during the year ended 31 March 2019 and 31 March 2020.

As at 31 March 2020, the ordinary shares held as treasury shares were 500 (2019 : 500). The number of outstanding ordinary shares in issue and fully paid-up after deducting the treasury shares held is 194,759,060 (2019 : 194,759,060). Treasury shares held have no rights to voting, dividends and participation in other distribution.

16. Reserves

	2020 RM	2019 RM
Group		
Non-distributable :		
Translation reserve	13,246,814	9,261,564
Distributable :		
Retained earnings	410,555,734	387,330,645
	423,802,548	396,592,209

16. Reserves (continued)

	2020 RM	2019 RM
Company		
Distributable :		
Retained earnings	11,157,176	17,187,215

Movements of reserves are shown in the Statements of Changes in Equity.

17. Deferred tax liabilities - Group

Recognised deferred tax assets/(liabilities)

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

	Assets		Liabilities		Net	
	2020 RM	2019 RM	2020 RM	2019 RM	2020 RM	2019 RM
Property, plant and equipment						
- revaluation	-	-	(879,464)	(879,464)	(879,464)	(879,464)
- capital allowances	-	-	(9,297,542)	(8,654,950)	(9,297,542)	(8,654,950)
- fair value adjustment	-	-	(1,820,474)	(1,820,474)	(1,820,474)	(1,820,474)
Right-of-use assets	-	-	(1,443,729)	-	(1,443,729)	-
Lease liabilities	1,436,743	-	-	-	1,436,743	-
Provisions	279,426	1,083,267	-	-	279,426	1,083,267
Deferred tax assets/(liabilities)	1,716,169	1,083,267	(13,441,209)	(11,354,888)	(11,725,040)	(10,271,621)
Set off of tax	(1,716,169)	(1,083,267)	1,716,169	1,083,267	-	-
Net deferred tax liabilities	-	-	(11,725,040)	(10,271,621)	(11,725,040)	(10,271,621)

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 Group entities can utilise the benefits therefrom.

17. Deferred tax liabilities - Group (continued)

Movement in temporary differences during the year

	At 1 April 2018 RM	Recognised in profit or loss (Note 24) RM	Translation difference RM	At 31 March 2019 RM	Adjustment on initial application of MFRS 16 RM	At 1 April 2019 RM	Recognised in profit or loss (Note 24) RM	Translation difference RM	At 31 March 2020 RM
Property, plant and equipment									
- revaluation	(879,464)	-	-	(879,464)	-	(879,464)	-	-	(879,464)
- capital allowances	(8,088,704)	(716,544)	150,298	(8,654,950)	-	(8,654,950)	(486,783)	(155,809)	(9,297,542)
- fair value adjustment	(1,820,474)	-	-	(1,820,474)	-	(1,820,474)	-	-	(1,820,474)
Right-of-use assets	-	-	-	-	(1,727,741)	(1,727,741)	279,305	4,707	(1,443,729)
Lease liabilities	-	-	-	-	1,727,741	1,727,741	(286,291)	(4,707)	1,436,743
Provisions	444,276	638,991	-	1,083,267	-	1,083,267	(803,841)	-	279,426
	(10,344,366)	(77,553)	150,298	(10,271,621)	-	(10,271,621)	(1,297,610)	(155,809)	(11,725,040)

18. Bank borrowings - Group

	2020 RM	2019 RM
Unsecured		
Foreign currency trade loans	24,748,459	27,553,116

19. Trade and other payables

	Note	2020 RM	2019 RM
Group			
Trade			
Trade payables	19.1	14,649,799	16,248,526
Non-trade			
Other payables		5,364,663	6,803,919
Accrued expenses		6,301,793	9,623,133
		11,666,456	16,427,052
		26,316,255	32,675,578
Company			
Non-trade			
Other payables		112,110	128,151
Accrued expenses		383,220	319,900
		495,330	448,051

19.1 Trade payables

Trade payables include amounts due to companies related to the associate of the Group and companies in which a Director and his close family members collectively have controlling interests of RM442,510 (2019 : RM446,276) and RM11,155 (2019 : RM19,263) respectively.

20. Revenue

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Revenue from contracts with customers				
Sale of goods	293,289,114	327,697,166	-	-
Management fee from subsidiaries	-	-	3,649,502	3,338,606
Other revenue				
Dividend income from				
- subsidiaries	-	-	7,229,149	23,991,477
- associate	-	-	281,763	219,149
Commission income	81,321	90,240	81,320	90,240
Total revenue	293,370,435	327,787,406	11,241,734	27,639,472
Timing and recognition				
At a point in time	269,723,069	286,998,367	11,241,734	27,639,472
Over time	23,647,366	40,789,039	-	-
	293,370,435	327,787,406	11,241,734	27,639,472

Revenue from contracts with customers of the Group is mainly confined to one business segment. Revenue of the Group mainly consists of sale of stationery products, coloured paper and boards. Disaggregation of revenue based on primary geographical markets has been disclosed in Note 31 to the financial statements.

20. Revenue (continued)

20.1 Nature of goods

The following information reflects the typical transactions of the Group:

Nature of goods	Timing of recognition or method used to recognise revenue	Significant payment terms
Sale of stationery products, coloured paper, boards and recyclable food wares	Revenue is recognised at a point in time when the control over the goods are transferred to the customer.	Generally, average credit period up to 90 days from invoice date is given to the customers.
Made-to-order stationery products	Revenue is recognised over time based on cost incurred method which is consistent with the pattern of transfer of control of the goods to the customers. These contracts would meet the no alternative use and the Group has rights to payment for work performed.	Generally, average credit period up to 90 days from invoice date is given to the customers.

There is no variable element in consideration, obligation for returns or refunds and warranty attached to the goods sold by the Group.

20.2 Transaction price allocated to the remaining performance obligations

The Group and the Company apply the practical expedient in paragraph 121(a) of MFRS 15 and do not disclose the transaction price allocated to unsatisfied (or partially satisfied) performance obligations where the contract has an original expected duration of one year or less.

21. Finance costs - Group

	2020 RM	2019 RM
Interest expense on :		
- financial liabilities that are not at fair value through profit or loss	661,299	945,007
- lease liabilities	202,847	-
	864,146	945,007

22. Profit before tax

Profit before tax is arrived at after charging/(crediting):

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Auditors' remuneration				
- Audit fees				
KPMG PLT				
- Current year	101,000	101,000	23,000	22,000
- Prior year	-	-	1,000	-
Overseas affiliate of KPMG PLT	128,520	119,340	-	-
Other auditors	136,600	131,041	-	-
- Non-audit fees				
KPMG PLT	14,000	14,000	14,000	14,000
Overseas affiliate of KPMG PLT	57,834	29,101	-	-
Material expenses/ (income)				
Consultancy fee paid to a company in which a Director of a subsidiary has a substantial financial interest	169,453	194,605	-	-
Amortisation of prepaid lease payments (Note 5)	-	38,876	-	-

22. Profit before tax (continued)

Profit before tax is arrived at after charging/(crediting) (continued) :

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Material expenses/ (income) (continued)				
Amortisation of intangible assets (Note 8)	344,318	348,751	-	-
Depreciation				
- property, plant and equipment (Note 3)	8,775,365	8,637,680	-	-
- right-of-use assets (Note 4)	1,203,089	-	-	-
- investment properties (Note 6)	41,331	41,331	-	-
Bad debts written off	61,988	18,602	-	-
Plant and equipment written off	1,089,072	-	-	-
Fair value (gain)/ loss on equity-linked investments	(1,379,663)	3,478,093	-	-
Fair value loss on short term funds	220,967	444,647	-	-
Fair value gain on short term investments	(1,366,186)	-	-	-
Interest income of financial assets calculated using the effective interest method that are at amortised cost	(3,514,329)	(7,621,768)	(56,687)	(30,828)
Gain on disposal of property, plant and equipment	(38,920)	(184,359)	-	-
(Gain)/loss on foreign exchange				
- realised	(2,802,238)	1,794,783	(24,261)	(1,879)
- unrealised	1,480,171	1,045,913	(5,510)	3,527

22. Profit before tax (continued)

Profit before tax is arrived at after charging/(crediting) (continued) :

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Expenses/(Income) arising from leases				
Expenses relating to short term leases (Note a)	331,099	-	-	-
Rental expense	-	1,722,307	-	-
Rental income on premises	(295,304)	(264,452)	-	-
Net loss on impairment of financial instruments and contract assets				
Financial assets at amortised cost				
- Impairment on trade receivables	3,061,746	206,997	-	-

Note a

The Group leases equipment, furniture and fittings and hostels with contract terms of 1 year or less. The Group has elected not to recognise the right-of-use assets and lease liabilities for these leases.

23. Employee information

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Personnel costs	62,868,080	59,336,540	3,158,543	2,921,022

Included in personnel costs of the Group and of the Company is an amount of RM3,726,467 (2019 : RM3,464,686) and RM338,415 (2019 : RM313,710) respectively representing contributions made to the statutory pension funds.

24. Tax expense

Recognised in profit or loss

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Current tax expense				
- current year	6,551,382	9,029,930	37,000	39,000
- prior year	(5,791)	(2,376,142)	384	1,876
Total current tax	6,545,591	6,653,788	37,384	40,876
Deferred tax expense				
- current year	977,610	32,553	-	-
- prior year	320,000	45,000	-	-
Total deferred tax	1,297,610	77,553	-	-
Total tax expense	7,843,201	6,731,341	37,384	40,876

Reconciliation of tax expense

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Profit before tax	44,707,895	54,567,581	7,640,479	24,313,894
Less : Share of results of equity-accounted associate, net of tax	(8,999,618)	(15,984,479)	-	-
	35,708,277	38,583,102	7,640,479	24,313,894

24. Tax expense (continued)

Reconciliation of tax expense (continued)

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Income tax at Malaysian tax rate of 24%	8,569,986	9,259,944	1,833,715	5,835,335
Effect of different tax rates in foreign jurisdictions	(228,381)	100,424	-	-
Non-deductible expenses	963,622	957,133	25,209	24,229
Income not subject to tax	(1,568,299)	(274,062)	(1,821,565)	(5,820,421)
Tax incentives	(204,527)	(1,016,061)	-	-
Others	(3,409)	35,105	(359)	(143)
Under/(Over) provision in prior years	314,209	(2,331,142)	384	1,876
	7,843,201	6,731,341	37,384	40,876

25. Other comprehensive income/(expense) - Group

	2020			2019		
	Before tax RM	Tax expense RM	Net of tax RM	Before tax RM	Tax expense RM	Net of tax RM
Item that is or may be reclassified subsequently to profit or loss						
Foreign currency translation differences for foreign operations	4,191,486	-	4,191,486	(4,611,596)	-	(4,611,596)
Item that will not be reclassified subsequently to profit or loss						
Share of other comprehensive (expense)/income of equity-accounted associate	(199,453)	-	(199,453)	59,676	-	59,676
	3,992,033	-	3,992,033	(4,551,920)	-	(4,551,920)

26. Earnings per ordinary share - Group

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share is based on the profit attributable to the owners of the Company of RM36,858,223 (2019 : RM47,765,108) and a weighted average number of ordinary shares outstanding of 194,759,060 (2019 : 194,759,060) calculated as follows :

	2020	2019
Issued ordinary shares at 1 April	194,759,560	194,759,560
Effect of treasury shares held	(500)	(500)
Weighted average number of ordinary shares at 31 March	194,759,060	194,759,060

Diluted earnings per ordinary share

The Group has no dilution in its basic earnings per share as there were no dilutive potential ordinary shares.

27. Dividends

Dividends recognised in the current and previous years by the Company are as follows :

	Sen per share	Total amount RM	Date of payment
2020			
2019 final dividend on 194,759,060 ordinary shares	7.0	13,633,134	31 October 2019
2019			
2018 final dividend on 194,759,060 ordinary shares	8.0	15,580,725	1 November 2018
2019 interim dividend on 194,759,060 ordinary shares	3.0	5,842,772	14 February 2019
2019 second interim dividend on 194,759,060 ordinary shares	4.0	7,790,362	16 May 2019
		29,213,859	

28. Related parties - Group/Company

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

The Group has related party relationships with the following :

i) Subsidiaries and associate of the Company as disclosed in the financial statements.

ii) Companies in which a Director, Dato' Lim Soon Huat and his close family members collectively have controlling interests - Asia Educational Supplies Sdn. Bhd. ("AESSB"), Dynamic Office Sdn. Bhd. ("DOSB") and Dynamic Consulting & Engineering Sdn. Bhd. ("DCESB").

iii) Company in which a Director of a subsidiary, Mr. R.C. Martin, has substantial financial interest - Christopher Martin Ltd.

iv) Key management personnel of the Group

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel includes all the Directors of the Company and certain Directors of the subsidiaries.

Significant related party transactions

The significant related party transactions of the Group and the Company are shown below. The balances outstanding (if any) related to the below transactions are shown in Notes 12 and 19.

Group

a) Transaction with an associate

	2020 RM	2019 RM
- Dividend income	2,748,938	2,138,063

28. Related parties - Group/Company (continued)

Significant related party transactions (continued)

Group (continued)

b) Transaction with companies related to an associate

	2020 RM	2019 RM
- Purchases	1,837,150	2,173,179

c) Transactions with companies in which a Director and his close family members collectively have controlling interests

		2020 RM	2019 RM
Sales	- AESSB	158,059	187,336
Purchases	- AESSB	49,676	50,100
	- DOSB	62,798	78,503
	- DCESB	154,195	45,466

d) Transactions with key management personnel

The key management personnel compensations are as follows :

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Directors of the Company				
- Fees	354,420	298,100	337,920	281,600
- Remuneration	1,635,159	1,553,168	1,635,159	1,553,168
Other Directors				
- Fees	32,605	32,518	-	-
- Remuneration	1,110,403	1,114,711	-	-
	3,132,587	2,998,497	1,973,079	1,834,768

There are no other key management personnel apart from the Directors of the Company and certain Directors of the Group having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

The estimated monetary value of benefits received by Directors of the Company and certain Directors of the subsidiaries otherwise than in cash amounted to RM43,500 (2019 : RM36,854) and RM141,740 (2019 : RM142,905) respectively.

28. Related parties - Group/Company (continued)

Significant related party transactions (continued)

Group (continued)

d) Transactions with key management personnel (continued)

The aggregate amount of transactions relating to key management personnel and entity over which they have control or significant influence were as follows :

	2020 RM	2019 RM
Consultancy fee paid to a company in which a Director of a subsidiary has a substantial financial interest	169,453	194,605
Rental paid to a Director of a subsidiary	9,600	9,600

Company

a) Transactions with subsidiaries

	2020 RM	2019 RM
- Dividend income	7,229,149	23,991,477
- Management fee	3,649,502	3,338,606

b) Transaction with an associate

	2020 RM	2019 RM
- Dividend income	281,763	219,149

29. Capital commitment - Group

	2020 RM	2019 RM
Property, plant and equipment Contracted but not provided for	3,072,000	2,060,000

30. Contingent liabilities - Company

i) *Corporate guarantees - Unsecured*

The Company has given corporate guarantees to certain financial institutions for banking facilities granted to its subsidiaries for a limit of RM144,280,000 (2019 : RM140,920,000) of which RM24,748,459 (2019 : RM27,553,116) were utilised at the end of the reporting period.

ii) The Company has undertaken to provide financial support to certain subsidiaries to enable them to continue operating as a going concern.

iii) The Company has given corporate guarantee of RM10,760,000 (2019 : RM10,680,000) to a supplier of its subsidiary, Higher Kings Mill Limited of which RM1,036,240 (2019 : RM2,800,714) was utilised at the end of the reporting period.

31. Operating segments - Group

The Group's reportable segment mainly consists of manufacturing and trading of stationery products, coloured paper and boards.

Reportable segment has not been prepared as all the Group's revenue, operating profit, assets employed, liabilities, capital expenditure, depreciation and amortisation and non-cash expenses are mainly confined to one business segment.

Operating segments are components in which separate financial information is available that is evaluated regularly by the Chief Executive Officer in deciding how to allocate resources and in assessing performance of the Group. The Group has identified the business of manufacturing and trading of stationery products, coloured paper and boards as its major operating segment.

Performance is measured based on the revenue derived from the products sold and consolidated profit before tax of the Group as included in the internal management reports that are reviewed by the Chief Executive Officer, who is the Group's chief operating decision maker. The Group's segment assets and liabilities, as disclosed in the consolidated statement of financial position, are also reviewed regularly by the Chied Executive Officer.

31. Operating segments - Group (continued)

Geographical information

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

	Revenue		Non-current assets	
	2020 RM	2019 RM	2020 RM	2019 RM
Malaysia	44,153,886	40,639,986	58,944,100	60,080,130
Asia (excluding Malaysia)	8,630,745	9,086,694	-	-
Europe	219,468,717	255,461,279	79,527,664	74,838,739
America	5,035,561	7,289,463	-	-
Others	16,081,526	15,309,984	-	-
Consolidated	293,370,435	327,787,406	138,471,764	134,918,869

Major customer

A major customer of the Group, with revenue equal or more than 10% of the Group's revenue, contributes approximately RM49,576,251 (2019 : RM59,160,741) of the Group's revenue.

32. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenant and regulatory requirement.

There were no changes in the Group's approach to capital management during the financial year.

33. Financial instruments

33.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows :

(a) Amortised cost ("AC"); and
(b) Fair value through profit or loss ("FVTPL").

	Carrying amount RM	AC RM	FVTPL RM
Financial assets			
Group			
2020			
Other investments	7,691,200	-	7,691,200
Trade and other receivables (excluding prepayments and indirect tax receivable)	54,587,912	54,587,912	-
Cash and cash equivalents	230,119,955	230,119,955	-
	292,399,067	284,707,867	7,691,200
2019			
Other investments	24,482,563	-	24,482,563
Trade and other receivables (excluding prepayments and indirect tax receivable)	64,826,734	64,826,734	-
Cash and cash equivalents	177,295,736	177,295,736	-
	266,605,033	242,122,470	24,482,563

33. Financial instruments (continued)

33.1 Categories of financial instruments (continued)

	Carrying amount RM	AC RM	FVTPL RM
Financial assets			
Company			
2020			
Other receivables	2,277,299	2,277,299	-
Cash and cash equivalents	4,287,692	4,287,692	-
	6,564,991	6,564,991	-
2019			
Other receivables	19,639,389	19,639,389	-
Cash and cash equivalents	745,370	745,370	-
	20,384,759	20,384,759	-

	Carrying amount RM	AC RM
Financial liabilities		
Group		
2020		
Bank borrowings	(24,748,459)	(24,748,459)
Trade and other payables	(26,316,255)	(26,316,255)
	(51,064,714)	(51,064,714)
2019		
Bank borrowings	(27,553,116)	(27,553,116)
Trade and other payables	(32,675,578)	(32,675,578)
Dividend payable	(7,790,362)	(7,790,362)
	(68,019,056)	(68,019,056)

33. Financial instruments (continued)

33.1 Categories of financial instruments (continued)

	Carrying amount RM	AC RM
Financial liabilities		
Company		
2020		
Other payables	(495,330)	(495,330)
2019		
Other payables	(448,051)	(448,051)
Dividend payable	(7,790,362)	(7,790,362)
	(8,238,413)	(8,238,413)

33.2 Net gains and losses arising from financial instruments

	2020 RM	2019 RM
Group		
Net gains/(losses) on :		
Financial assets at fair value through profit or loss	5,489,771	3,704,563
Financial assets measured at amortised cost	(199,736)	(1,661,754)
Financial liabilities measured at amortised cost	(1,713,790)	(2,355,083)
	3,576,245	(312,274)
Company		
Net gains on :		
Financial assets measured at amortised cost	86,458	29,180

33. Financial instruments (continued)

33.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

33.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from the individual characteristics of each trade receivable, other investments and bank balances. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks and a supplier for credit facilities granted to subsidiaries. There are no significant changes as compared to prior periods.

Trade receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally credit evaluations are performed on customers requiring credit over a certain amount.

At each reporting date, the Group or the Company assesses whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables are represented by the carrying amounts in the statements of financial position.

33. Financial instruments (continued)

33.4 Credit risk (continued)

Trade receivables (continued)

Recognition and measurement of impairment loss

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 credit term granted.

The Group measures expected credit losses ("ECLs") of trade receivables based on actual credit loss experience over the past three years. 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. Invoices which are past due 90 days will be considered as credit impaired.

The following table provides information about the exposure to credit risk and ECLs for trade receivables.

	Gross carrying amount RM	Loss allowance RM	Net balance RM
Group			
2020			
Not past due	31,619,456	-	31,619,456
Past due 1 - 30 days	13,464,013	-	13,464,013
Past due 31 - 60 days	2,936,897	-	2,936,897
Past due 61 - 90 days	955,329	(35,714)	919,615
	48,975,695	(35,714)	48,939,981
Credit impaired			
Past due more than 90 days	898,080	-	898,080
Individually impaired	3,613,653	(3,613,653)	-
	53,487,428	(3,649,367)	49,838,061

33. Financial instruments (continued)

33.4 Credit risk (continued)

Trade receivables (continued)

Recognition and measurement of impairment loss (continued)

	Gross carrying amount RM	Loss allowance RM	Net balance RM
2019			
Not past due	41,398,654	(108,029)	41,290,625
Past due 1 - 30 days	13,576,038	-	13,576,038
Past due 31 - 60 days	2,715,702	-	2,715,702
Past due 61 - 90 days	385,205	-	385,205
	58,075,599	(108,029)	57,967,570
Credit impaired			
Past due more than 90 days	393,999	(63,884)	330,115
Individually impaired	545,503	(545,503)	-
	59,015,101	(717,416)	58,297,685

The movements in the allowance for impairment in respect of trade receivables during the year are shown below :

Group	Lifetime ECL RM	Credit impaired RM	Total RM
Balance at 1 April 2018	29,479	500,570	530,049
Net remeasurement of loss allowance	78,550	128,447	206,997
Foreign exchange differences	-	(19,630)	(19,630)
Balance at 31 March 2019	108,029	609,387	717,416

33. Financial instruments (continued)

33.4 Credit risk (continued)

Trade receivables (continued)

Recognition and measurement of impairment loss (continued)

	Lifetime ECL RM	Credit impaired RM	Total RM
Balance at 1 April 2019	108,029	609,387	717,416
Net remeasurement of loss allowance	2,881	3,058,865	3,061,746
Amounts written off	(76,071)	-	(76,071)
Foreign exchange differences	875	(54,599)	(53,724)
Balance at 31 March 2020	35,714	3,613,653	3,649,367

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. The Group and the Company are of the view that loss allowance is not material and hence, it is not provided for.

Other receivables

Credit risk on other receivables is mainly arising from advance payments made to suppliers.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

As at the end of the reporting period, the Group did not recognise any allowance for impairment losses.

33. Financial instruments (continued)

33.4 Credit risk (continued)

Other investments

Credit risks on other investments are mainly arising from short term funds and equity-linked investments.

These investments are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. The Group and the Company are of the view that loss allowance is not material and hence, it is not provided for.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk of the Company amounts to RM24,748,459 (2019 : RM27,553,116) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

The financial guarantees are provided as credit enhancements for the subsidiaries to secure loans.

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiary is unlikely to repay its credit obligation to the bank in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

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.

33. Financial instruments (continued)

33.4 Credit risk (continued)

Inter-company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

Recognition and measurement of impairment loss

Generally, the Company considers loans and advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when:

- The subsidiary is unlikely to repay its loan or advance to the Company in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for these loans and advances individually using internal information available.

33. Financial instruments (continued)

33.4 Credit risk (continued)

Inter-company balances (continued)

Recognition and measurement of impairment loss (continued)

The following table provides information about the exposure to credit risk and ECLs for subsidiaries' loans and advances as at year end.

	Gross carrying amount RM	Impairment loss allowance RM	Net balance RM
Company			
2020			
Amount due from subsidiaries			
- low credit risk	2,277,124	-	2,277,124
2019			
Amount due from subsidiaries			
- low credit risk	19,639,389	-	19,639,389

As at 31 March 2020, there were no impairment losses on the inter-company loans and advances provided by the Company.

33.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables and bank borrowings.

The Group maintains 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 and to mitigate any adverse effects of fluctuations in cash flows.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

33. Financial instruments (continued)

33.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	**Carrying amount RM**	**Contractual interest rate/ Discount rate per annum %**	**Contractual cash flows RM**	**Under 1 year RM**	**1 - 2 years RM**	**2 - 5 years RM**	**More than 5 years RM**
2020							
Non-derivative financial liabilities							
Unsecured foreign currency trade loans	24,748,459	1.14 - 2.35	24,817,485	24,817,485	-	-	-
Trade and other payables	26,316,255	-	26,316,255	26,316,255	-	-	-
Lease liabilities	5,986,429	3.05	7,076,275	922,710	1,570,163	4,470,389	113,013
	57,051,143		58,210,015	52,056,450	1,570,163	4,470,389	113,013

33. Financial instruments (continued)

33.5 Liquidity risk (continued)

Maturity analysis (continued)

2019	Carrying amount RM	Contractual interest rate/ Discount rate per annum %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
Non-derivative financial liabilities							
Unsecured foreign currency trade loans	27,553,116	2.87 - 3.28	27,671,316	27,671,316	-	-	-
Trade and other payables	32,675,578	-	32,675,578	32,675,578	-	-	-
Dividend payable	7,790,362	-	7,790,362	7,790,362	-	-	-
	68,019,056		68,137,256	68,137,256	-	-	-

33. Financial instruments (continued)

33.5 Liquidity risk (continued)

Maturity analysis (continued)

	Carrying amount RM	Contractual interest rate per annum %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
Company							
2020							
Non-derivative financial liabilities							
Other payables	495,330	-	495,330	495,330	-	-	-
Corporate guarantees*	-	-	25,784,699	25,784,699	-	-	-
	495,330		26,280,029	26,280,029	-	-	-
2019							
Non-derivative financial liabilities							
Other payables	448,051	-	448,051	448,051	-	-	-
Dividend payable	7,790,362	-	7,790,362	7,790,362	-	-	-
Corporate guarantees*	-	-	30,353,830	30,353,830	-	-	-
	8,238,413		38,592,243	38,592,243	-	-	-

* 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.

33. Financial instruments (continued)

33.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

33.6.1 Currency risk

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 Group entities. The currencies giving rise to this risk are primarily U.S. Dollar ("USD"), Euro ("EUR") and Great Britain Pound ("GBP").

Risk management objectives, policies and processes for managing the risk

The Group uses forward exchange contracts to hedge its foreign currency risk. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currencies of the Group entities) risk, based on carrying amounts as at the end of the reporting period was :

		Denominated in	
	USD RM	EUR RM	GBP RM
Group			
2020			
Trade and other receivables	1,398,072	1,191,628	9,889,680
Cash and cash equivalents	11,142,900	11,044,809	78,954,581
Foreign currency trade loans	(24,748,459)	-	-
Trade and other payables	(2,662,345)	(54,954)	(1,576,508)
	(14,869,832)	12,181,483	87,267,753

33. Financial instruments (continued)

33.6 Market risk (continued)

33.6.1 Currency risk (continued)

Exposure to foreign currency risk (continued)

	Denominated in USD	EUR RM	GBP RM
Group (continued)			
2019			
Other investments	5,803,237	-	-
Trade and other receivables	2,003,065	1,660,451	12,157,810
Cash and cash equivalents	297,608	55,123,802	49,479,091
Foreign currency trade loans	(27,553,116)	-	-
Trade and other payables	(2,536,936)	(52,023)	(1,990,154)
	(21,986,142)	56,732,230	59,646,747

Currency risk sensitivity analysis

A 10% (2019 : 10%) strengthening of the RM against the following currencies at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact on forecast sales and purchases. There is no impact to equity arising from exposure to currency risk.

	Profit or loss 2020 RM'000	2019 RM'000
Group		
USD	1,130	1,671
EUR	(926)	(4,312)
GBP	(6,632)	(4,533)

33. Financial instruments (continued)

33.6 Market risk (continued)

33.6.1 Currency risk (continued)

Currency risk sensitivity analysis (continued)

A 10% (2019 : 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

33.6.2 Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of changes in their fair value due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risks that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-earning financial assets are mainly short term in nature and are mostly placed in short term deposits.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-earning and interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2020 RM	2019 RM
Fixed rate instruments		
Group		
Financial assets	77,590,125	20,631,907
Financial liabilities	(24,748,459)	(27,553,116)
	52,841,666	(6,921,209)
Company		
Financial assets	2,888,701	-

33. Financial instruments (continued)

33.6 Market risk (continued)

33.6.2 Interest rate risk (continued)

Exposure to interest rate risk (continued)

	2020 RM	2019 RM
Floating rate instruments		
Group		
Financial assets	72,429,655	20,843,189
Company		
Financial assets	1,276,451	2,309

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

A change in interest rates at the end of the reporting period would not affect profit or loss, except for the Group's fixed rate financial assets measured at fair value through profit or loss amounted to RM7,691,200 (2019 : RM9,943,000) as shown below.

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Profit or loss	
	100 bp increase RM'000	100 bp decrease RM'000
Group		
2020		
Fixed rate instruments	58	(58)
2019		
Fixed rate instruments	76	(76)

33. Financial instruments (continued)

33.6 Market risk (continued)

33.6.2 Interest rate risk (continued)

Interest rate risk sensitivity analysis (continued)

(b) *Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Group Profit or loss		Company Profit or loss	
	100 bp increase RM'000	**100 bp decrease RM'000**	**100 bp increase RM'000**	**100 bp decrease RM'000**
2020				
Floating rate instruments	550	(550)	10	(10)
2019				
Floating rate instruments	158	(158)	-	-

33.6.3 Other price risk

Equity price risk arises from the Group's equity-linked investments and investment in quoted shares.

Equity-linked investments

The return of the investments is affected by the movement of the equity price of the underlying asset. The relationship between the equity price and return to the Group is shown as follows.

At any observation dates as specified in the contracts :

Scenario A – If the equity price of the underlying asset increases more than 8% (2019 : 8%) of the initial reference price, the investments will be terminated. The Group will receive the initial invested amount and any outstanding relevant coupon at a fixed rate of 9.00% (2019 : 9.12%) per annum, or

33. Financial instruments (continued)

33.6 Market risk (continued)

33.6.3 Other price risk (continued)

Equity-linked investments (continued)

Scenario B – If the equity price of the underlying asset increases less than 8% (2019: 8%) or decreases less than 20% (2019 : 20%) of the initial reference price, the investments will be observed until the maturity date and the Group will receive the initial invested amount and any outstanding relevant coupon at a fixed rate of 9% (2019 : 9.12%) per annum, or

Scenario C – If the equity price of the underlying asset decreases more than 20% (2019 : 20%) of the initial reference price, the investments will be observed until the maturity date. At maturity date, if the final reference price is higher than the initial reference price, the Group will receive the initial invested amount and any outstanding relevant coupon at a fixed rate of 9% (2019 : 9.12%) per annum, or

Scenario D – If the equity price of the underlying asset decreases more than 20% (2019 : 20%) of the initial reference price, the investments will be observed until the maturity date. At maturity date, if the final reference price is lower than the initial reference price, the Group will receive the "Shares Amount" or cash equivalent amount and any outstanding relevant coupon at a fixed rate of 9% (2019 : 9.12%) per annum.

The Shares Amount is a number of shares of the underlying asset calculated as follows : Initial invested amount/(Initial reference price x Exchange rate)

Risk management objectives, policies and processes for managing the risk

Management of the Group monitors the equity-linked investments on a portfolio basis. Material investments are managed on an individual basis and all decisions are approved by the Directors of the Company, as appropriate.

Equity price risk sensitivity analysis

The Group's equity-linked investments move in correlation with the equity price of the underlying asset of the investments as shown in below analysis. This analysis assumes that all other variables remain constant.

33. Financial instruments (continued)

33.6 Market risk (continued)

33.6.3 Other price risk (continued)

Equity-linked investments (continued)

Equity price risk sensitivity analysis (continued)

At any observation dates as specified in the contracts :

Scenario	Impact to profit or loss
A	The Group will receive monthly coupon of RM60,000 (2019 : RM76,000) up to the relevant coupon payment date where early termination occurs.
B	The Group will receive a total coupon of RM120,000 (2019 : RM456,000) up to the maturity date.
C	The Group will receive a total coupon of RM120,000 (2019 : RM456,000) up to the maturity date.
D	The Group will receive a total coupon of RM120,000 (2019 : RM456,000) up to maturity date and a loss will be incurred as a result of lower final reference price as compared to initial reference price. A 10% (2019 : 10%) lower in final reference price against the initial reference price at the maturity date would have decreased equity and post-tax profit or loss by RM608,000 (2019 : RM760,000) for investments classified as fair value through profit or loss.

Investment in quoted shares

The return of the investments is affected by the movement of the equity price of the quoted shares.

Risk management objectives, policies and processes for managing the risk

Management of the Group monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Directors of the Company, as appropriate.

33. Financial instruments (continued)

33.6 Market risk (continued)

33.6.3 Other price risk (continued)

Investment in quoted shares (continued)

Equity price risk sensitivity analysis

2019

This analysis assumed that all other variables remained constant and the Group's equity investments moved in correlation with the share price of the investment listed on New York Stock Exchange.

A 10% strengthening in the share price at the end of the reporting period would have increased post-tax profit or loss by RM580,000 for investments classified as fair value through profit or loss. A 10% weakening in the share price would have had equal but opposite effect on profit or loss.

33.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

33. Financial instruments (continued)

33.7 Fair value information (continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
Group										
2020										
Financial assets										
Financial assets at fair value through profit or loss	-	7,691	-	7,691	-	-	-	-	7,691	7,691

33. Financial instruments (continued)

33.7 Fair value information (continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
Group										
2019										
Financial assets										
Investment in quoted shares	5,803	-	-	5,803	-	-	-	-	5,803	5,803
Financial assets at fair value through profit or loss	-	18,679	-	18,679	-	-	-	-	18,679	18,679
	5,803	18,679	-	24,482	-	-	-	-	24,482	24,482

33. Financial instruments (continued)

33.7 Fair value information (continued)

Level 2 fair value

Equity-linked investments

The fair value of equity-linked investments is estimated based on standard option pricing model by taking into consideration the general level of interest rates, the market price/level of underlying reference assets, the volatility in the price/level of underlying reference assets, the level of foreign exchange rates, the level of expected future and realised dividends and the time to maturity of the investment.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2019 : no transfer in either directions).

34. Significant changes in accounting policies

During the year, the Group and the Company adopted MFRS 16, *Leases*.

Definition of a lease

On transition to MFRS 16, the Group and the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied MFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under MFRS 117, *Leases* and IC Interpretation 4, *Determining whether an Arrangement contains a Lease* were not reassessed. Therefore, the definition of a lease under MFRS 16 has been applied only to contracts entered into or changed on or after 1 April 2019.

As a lessee

Where the Group and the Company are a lessee, the Group and the Company applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application at 1 April 2019.

34. Significant changes in accounting policies (continued)

As a lessee (continued)

At 1 April 2019, for leases that were classified as operating lease under MFRS 117, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group entities' incremental borrowing rate as at 1 April 2019. The weighted-average rate applied is 3.05%. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payment.

The Group and the Company used the following practical expedients when applying MFRS 16 to leases previously classified as operating lease under MFRS 117 :

- applied a single discount rate to a portfolio of leases with similar characteristics;
- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term as at 1 April 2019;
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

As a lessor

Group entities which is an intermediate lessor reassessed the classification of a sublease previously classified as an operating lease under MFRS 117 and concluded that the sublease is an operating lease under MFRS 16.

34.1 Impacts on financial statements

Since the Group and the Company applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application at 1 April 2019, there are no adjustments made to the prior period financial statements presented.

34. Significant changes in accounting policies (continued)

34.1 Impacts on financial statements (continued)

The following table explains the difference between operating lease commitments disclosed applying MFRS 117 at 31 March 2020, and lease liabilities recognised in the consolidated statement of financial position at 1 April 2019.

	RM'000
Group	
Operating lease commitments at 31 March 2019, as disclosed in the Group's consolidated financial statements	1,525
Discounted using the incremental borrowing rate at 1 April 2019	1,392
Extension options reasonably certain to be exercised	5,807
Lease liabilities recognised at 1 April 2019	7,199

The adoption of MFRS 16 did not have any material financial impacts to the Company's separate financial statements.

Statement by Directors Pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 45 to 151 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements 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 of 31 March 2020 and of their financial performance and cash flows for the financial year then ended.

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

Dato' Lim Soon Huat
Director

Lim Soon Wah
Director

Penang

Date : 26 August 2020

Statutory Declaration Pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Goh Phaik Ngoh**, 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 45 to 151 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed **Goh Phaik Ngoh**, NRIC : 681017-07-5508, MIA CA11330, at George Town in the State of Penang on 26 August 2020.

Goh Phaik Ngoh

Before me :

Goh Suan Bee (No. P125)
Commissioner for Oaths
Penang

Independent Auditors' Report to the Members of Asia File Corporation Bhd.

(Registration No. 199401027510 (313192-P)
(Incorporated in Malaysia)

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 2020 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 45 to 151.

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 2020, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards 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. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' 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 Matter

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

Refer to Notes 2(i) and 11 to the financial statements.

The key audit matter

The Group's inventories amounted to RM94,831,980 as at 31 March 2020 in the consolidated statement of financial position. We have identified the valuation of inventories as a key audit matter because the amount is significant to the Group and the judgement made by the Group in determining the amount to be written down involved estimates which can be inherently uncertain.

How the matter was addressed in our audit

We performed the following audit procedures, among others:

- Attended physical inventory count as at year end and observed whether there were inventories that may be slow moving, damaged or obsolete;
- Compared sales values subsequent to the financial year for samples of inventory lines to test whether these exceeded carrying amount of inventories at year end;
- Tested the accuracy of the last transaction date of inventory based on the inventory listing; and
- Assessed the Group's process in identifying and writing down of slow moving and obsolete inventories including management's key assumptions of reusability, reshaping and conditions of the inventories as at year end.

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

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 annual report and we do not express any form of assurance conclusion thereon.

Information Other than the Financial Statements and Auditors' Report Thereon (continued)

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report 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 the annual report, 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 Malaysian Financial Reporting Standards, International Financial Reporting Standards 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.

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 International Standards on Auditing 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.

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

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

- 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.

- 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- 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.

- 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 of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

- 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.

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

We communicate with the 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.

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 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 auditors' 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 7 to the financial statements.

Other Matter

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.

KPMG PLT
LLP0010081-LCA & AF 0758
Chartered Accountants

Lim Su Ling
Approval Number: 03098/12/2021 J
Chartered Accountant

Penang

Date : 26 August 2020

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	29	6,099	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	25	8,267	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	25	785	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	25	720	April 2000 (*)
05) Lot 1310, Mukim 14, Daerah Seberang Prai Tengah, Penang	Office, Factory cum warehouse	27,688.91	Freehold	29	10,772	March 2004 (*)
06) PT 43263, H.S.(D) 128696 Mukim Petaling, Daerah Petaling, Selangor	Office, Factory cum warehouse	2,023	Freehold	14	2,232	April 2004 (*)
07) Kasseler Landstraße 12 D-37213 Witzenhausen Germany	Office, Factory cum warehouse	11,983	Freehold	47	4,385	January 2008 (*)
08) Zur Furthmühle 4 D-37318 Kirchgandern Germany	Office, Factory cum warehouse	21,840	Freehold	29	9,593	January 2008 (*) March 2009 (*) (Additional Warehouse)
09) Cullompton, Devon EX 15 1Q3 United Kingdom	Office, Factory cum warehouse	52,609	Freehold	-	5,966	September 2011 (*) March 2013 (*) (Additional Warehouse)
10) Ashton Road Denton, Manchester M34 3LR United Kingdom	Office, Factory cum warehouse	18,000	Freehold	-	3,438	April 2012 (*)
11) Lot 1309, Mukim 14, Daerah Seberang Prai Tengah, Penang	Office, Factory cum warehouse	30,495	Freehold	29	8,069	December 2012 (*) (Land) March 2014 (Building)
12) 2A, 6 & 8, Lorong Industri Ringan Permatang Tinggi 14, Taman Industri Ringan Permatang Tinggi, Penang	Office, Factory cum warehouse	2,319	Freehold	3	5,604	September 2017 (*)

Shareholdings Statistics As At 20 July 2020

ISSUED SHARE CAPITAL	:	194,759,560 *(inclusive of 500 treasury shares)*
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	60	2,592	0.0013
100 - 1,000	374	266,228	0.1367
1,001 - 10,000	1,475	7,032,630	3.6109
10,001 - 100,000	541	16,321,986	8.3806
100,001 - 9,737,977	80	49,738,573	25.5385
9,737,978 to 194,759,560	2	121,397,551	62.3320
TOTAL	2,532	194,759,560	100.0000

THIRTY LARGEST DEPOSITORS AS AT 20 JULY 2020

	NAME	NO. OF SHARES	% OF ISSUED CAPITAL
1	PRESTIGE ELEGANCE (M) SDN BHD	83,738,951	42.9961
2	AMANAHRAYA TRUSTEES BERHAD AMANAH 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)	4,480,000	2.3003
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 WAH	3,122,870	1.6034
9	LIM SOON HUAT	2,882,955	1.4803
10	KHOO SAW SIM	2,588,672	1.3292
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)	900,000	0.4621
14	FOO NIAN CHOU	835,584	0.4290
15	CIMB GROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR DBS BANK LTD (SFS)	662,100	0.3400
16	CARTABAN NOMINEES (ASING) SDN BHD BBH AND CO BOSTON FOR FIDELITY LOW - PRICED STOCK COMMINGLEDPOOL	601,160	0.3087

THIRTY LARGEST DEPOSITORS AS AT 20 JULY 2020 (continued)

	NAME	NO. OF SHARES	% OF ISSUED CAPITAL
17	BEH PHAIK HOOI	559,128	0.2871
18	OH PHAIK WEE	418,080	0.2147
19	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KONG TIAM (CCTS)	390,000	0.2002
20	CHEONG YUEN LAI	350,000	0.1797
21	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OH HAW KUANG (PENANG-CL)	349,692	0.1796
22	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	339,392	0.1743
23	LUCY KHOO	334,360	0.1717
24	LIM PEI TIAM @ LIAM AHAT KIAT	333,000	0.1710
25	AFFIN HWANG NOMINEES (ASING) SDN BHD DBS VICKERS SECS (S) PTE LTD FOR ASIA HUMANISTIC CAPITAL INC	325,000	0.1669
26	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH PHAIK NGOH (PENANG-CL)	316,800	0.1627
27	SUSY DING	310,000	0.1592
28	GOH YU TIAN	281,300	0.1444
29	SYNERGY MOTION SDN. BHD.	255,000	0.1309
30	DB (MALAYSIA) NOMINEE (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR FIDELITY PURITAN TRUST - FIDELITY LOW-PRICED STOCK K6 FUND	252,700	0.1297
		162,492,212	83.4322

Analysis Of Shareholdings As At 20 July 2020

SUBSTANTIAL SHAREHOLDERS

No.	Name	Direct Interest No. of Shares	Direct Interest % of total issued capital[(a)]	Indirect Interest No. of Shares	Indirect Interest % 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	-	-	12,694,504[(c)]	6.518

(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.

DIRECTORS' SHAREHOLDINGS

No.	Name	Direct Interest No. of Shares	Direct Interest % of total issued capital[(a)]	Indirect Interest No. of Shares	Indirect Interest % 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	-	-	-	-
3.	Lim Soon Wah	3,138,870	1.612	210,712[(c)]	0.108
4.	Lam Voon Kean	-	-	-	-
5.	Ng Chin Nam	-	-	-	-
6.	Lim Soon Hee (Alternate to Lim Soon Wah)	4,117,996	2.114	-	-

(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) These are shares held in the name of spouse pursuant to Section 59 (11)(c) of the Companies Act, 2016.

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-Sixth (26th) Annual General Meeting ("AGM") of shareholders of ASIA FILE CORPORATION BHD ("AFC" or "the Company") will be held at Ballroom 1, Hotel Equatorial, No. 1 Jalan Bukit Jambul, 11900 Penang on Monday, 28 September 2020 at 10.00 a.m. for the following purposes:

Agenda

As Ordinary Business:

1. To receive the Audited Financial Statements for the year ended 31 March 2020 and the Reports of Directors and Auditors thereon.

2. To re-elect the following Directors who retire pursuant to Clause 88 of the Company's Constitution and who, being eligible offer themselves for re-election:
   (a) Mr. Lim Soon Wah — Ordinary Resolution 1
   (b) Mr. Ng Chin Nam — Ordinary Resolution 2

3. 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 2021. — Ordinary Resolution 3

4. To re-appoint KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. — Ordinary Resolution 4

As Special Business:

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

5. **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 5

6. **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 — Ordinary Resolution 6 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: -

(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 RM11.16 million as at 31 March 2020 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."

7. **RETENTION AS INDEPENDENT DIRECTOR**

"THAT Puan Nurjannah Binti Ali 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 7

8. **RETENTION AS INDEPENDENT DIRECTOR**

"THAT contingent upon the passing of Ordinary Resolution 2, Mr. Ng Chin Nam be retained as Independent Director of the Company, in accordance with the Ordinary Resolution 8

Malaysian Code on Corporate Governance until the conclusion of the next Annual General Meeting."

9. **RETENTION AS INDEPENDENT DIRECTOR**

"THAT, Ms. Lam Voon Kean 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 9

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

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, 28 August 2020

Notes:

1. **Appointment of Proxy**

(a) A Member may appoint up to 2 proxies to attend on the same occasion. 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 18 September 2020 (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 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 the next AGM of the Company in 2021. Details of the Directors' fee and benefits payable to the Directors for the financial year ended 31 March 2020 are enumerated under the Corporate Governance Overview Statement in the Annual Report 2020.

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.

(b) **Ordinary Resolution 5: Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016**

The proposed Ordinary Resolution 5 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 27 September 2019 and which will lapse at the conclusion of this Twenty-Sixth 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.

(c) **Ordinary Resolution 6: Proposed Renewal of Authority To Buy Back Its Own Shares By The Company**

The Ordinary Resolution 6, 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.

(d) **Ordinary Resolutions 7, 8 and 9: Retention As Independent Director**

The Ordinary Resolutions 7, 8 and 9, if passed, will allow Puan Nurjannah Binti Ali, Mr. Ng Chin Nam and Ms. Lam Voon Kean to be retained and continue acting as Independent Director to fulfill the requirements of Paragraph 3.04 of the Bursa Securities' Main Market Listing Requirements and in line with the Practice 4.2 of the Malaysian Code on Corporate Governance issued by the Securities Commission on 26 April 2017. Full details of the Board's justifications and recommendation for the retention of Puan Nurjannah Binti Ali, Mr. Ng Chin Nam and Ms. Lam Voon Kean are set out under the Corporate Governance Overview Statement in the Company's 2020 Annual Report.

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-Sixth Annual General Meeting of the Company.

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

FORM OF PROXY

Twenty-Sixth (26th)
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-SIXTH (26TH) ANNUAL GENERAL MEETING of the Company to be held at Ballroom 1, Hotel Equatorial, No. 1 Jalan Bukit Jambul, 11900 Penang on Monday, 28 September 2020 at 10.00 a.m. and at any adjournment thereof, in the manner indicated below:

	Ordinary Resolutions								
	1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
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 _________________ 2020

____
Signature of Shareholder

____
Common Seal to be affixed here if Shareholder is a Corporation

Notes:

1. A Member may appoint up to 2 proxies to attend on the same occasion. 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.
2. 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.
3. 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.
4. 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.
5. In respect of deposited securities, only a Depositor whose name appears on the Record of Depositors on 18 September 2020 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy to attend and/or 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 26th 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

Plot 16, Kawasan Perindustrian Bayan Lepas, Fasa IV, Mukim 12, Bayan Lepas, 11900 Penang, Malaysia.
Tel: 04-642 6601 Fax: 04-642 6602 Website: www.asia-file.com