

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7129
COMPANY NAME : ASIA FILE CORPORATION BHD.
FINANCIAL YEAR : March 31, 2022

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is responsible towards the strategic planning, resource organisation and the overall operations of the Group. The principal roles and responsibilities of the Board are set out in the Board Charter which is available on the Company's website (www.asia-file.com). Matters which are reserved for the Board to decide based on recommendations from the Board Committees and the management are also listed in the Board Charter.</p> <p>In discharging its responsibilities effectively, the Board has delegated specific responsibilities to the following committees:-</p> <ul style="list-style-type: none"> a) Audit Committee; b) Nomination & Remuneration Committee <p>Each Board Committee is governed by its terms of reference which sets out the duties and responsibilities of the Committee.</p> <p>The Board meets at least quarterly to review and discuss the Group's performance. If the need arises, additional meetings will be convened.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	:	Applied	
Explanation on application of the practice	:	The roles and responsibilities of the Chairman are set out in the Board Charter. The Chairman is responsible to ensure that the principles of good corporate governance are upheld in all aspects of the Group's operations. The Chairman, Dato' Lim Soon Huat, leads the Board and chairs the Board meetings. Due to his extensive experience and his in depth knowledge of the industry, he is able to provide an excellent insight in relation to the performance and outlook for the Group. During the meetings, members of the Board are encouraged to voice their views on the issues discussed.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.3

The positions of Chairman and CEO are held by different individuals.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Chief Executive Officer, Dato' Lim Soon Huat assumed the role of Chairman upon the demise of the late Dato' Lim Eng Siang on 27 June 2001. The Board is mindful of the dual role of Chairman and Chief Executive Officer 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.</p> <p>75% of the current Board composition consists of Independent Directors with distinguished credentials and majority of them have also acted as Independent Directors in other public listed companies. The board could rely on their extensive experience and knowledge to ensure that there is independence of judgement.</p> <p>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 Listing Requirements. In view of the extensive experience of Dato' Lim Soon Huat in managing the Group's business, the Board is of the view that it could benefit from a knowledgeable Chairman in providing timely updates and guidance when deliberating on key issues or during discussions on latest developments.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.4

The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.

Application	:	Applied	
Explanation on application of the practice	:	The Chairman, Dato’ Lim Soon Huat, is not a member of the Audit Committee, Nomination Committee or Remuneration Committee. He also does not participate in any or all of these committees’ meetings.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.5

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	:	Applied	
Explanation on application of the practice	:	The Board is supported by two qualified Company Secretaries, Ms Tai Yit Chan and Ms Ong Tze-En who are both members of The Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"). The Company Secretaries or her representative(s) attend all board meetings and ensure that meetings are properly convened. They also advise and provide guidance on all matters in relation to corporate governance and regulatory compliances. At the meetings, they will brief the board on the latest development and also provide updates if there are any changes in regulatory requirement.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.6

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	:	Applied	
Explanation on application of the practice	:	<p>To facilitate the directors’ attendance, the date for the next meeting is scheduled at the end of the meeting. Prior to Board meetings, agenda and materials relevant to the meetings are circulated to the members of the Board at least five (5) business days in advance. Subject to the complexity and urgency of the issues to be discussed and the estimated time required by the Board to study and evaluate the matters to be discussed, a shorter or longer period of notices may be provided to the Board members under special circumstances.</p> <p>The deliberations and decisions adopted at the meetings are properly documented. Minutes of the meetings will be circulated to the Board members for review and confirmation.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies—

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Charter sets out the roles and responsibilities of the Chairman, the Board and also the specific responsibilities delegated to the Board Committees and management.</p> <p>The Board Charter specifies the various matters for which the final decisions are reserved for the Board to make upon receipt of recommendation from the Board Committees and management.</p> <p>The Board Charter will be reviewed periodically whenever the need arises. It is available on the Company's website (www.asia-file.com).</p> <p>The last review date was 29 June 2022.</p>
Explanation for departure	:	
	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Group is committed to adopting ethical approaches in its business operations and complying with all rules and regulations.</p> <p>The Code of Conduct and Ethics are published on the Company's website and provides guidelines as to how the Group conducts its business which uphold integrity, transparency and fairness.</p> <p>In addition, the Group's employee hand book also outlines the expectations on employees in discharging their duties in an ethical manner. Other policies such as the Anti-Bribery & Anti-Corruption Policy and the Whistleblowing Policy have also been put in place to further strengthen current processes and procedures of the Group.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	:	Applied
Explanation on application of the practice	:	<p>A Whistleblowing policy is in place to provide a platform for employees and stakeholders to raise their concerns on improper conduct and malpractice.</p> <p>A dedicated email address (whistleblower@asia-file.com) has been established for the whistle blower to send their reports to. All reports received from whistle blowers will be taken seriously and addressed promptly. They will be kept in strict confidence.</p> <p>To raise employees' awareness on the above, the Group has pasted posters with relevant information in three major languages (English, Malay and Mandarin) on the notice boards.</p> <p>The Whistleblowing Policy is available on the Company's website at www.asia-file.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises that sustainable development is critical for the Group's long term business success. The Board is responsible to develop and grow the business in a sustainable manner with the supports from senior management.</p> <p>Senior Management who manages the implementation of sustainability matters at their respective operations units assist the Board to ensure that intended goals and objectives are met.</p> <p>The Board focuses on creating a sustainable culture within the Group with emphasis on integrating the social, environmental and economic risks and opportunities into the business strategies and management processes.</p> <p>The Board is constantly looking for opportunities within and outside its industries in order to enhance the Group's competitiveness and business sustainability through growth and diversification.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.2

The board ensures that the company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

Application	:	Applied	
Explanation on application of the practice	:	<p>Stakeholders represent the diverse group of parties that have a degree of interest and influence on the Group and the way it operates.</p> <p>The Company believes that transparency and communication are fundamental components of good corporate governance and serve to build the relationship of trust with its stakeholders.</p> <p>A range of stakeholders' engagement are adopted depending on the target stakeholders such as announcement and press release with shareholders and investors, engagements and email communications with customers and suppliers, and regular dialogues and performance evaluation session with employees. Through the materiality matrix, key sustainability matters are identified.</p> <p>Material sustainability related matters and on-going sustainability initiatives undertaken by the Company are disclosed in the Annual Report 2022.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board is regularly updated by senior management, Health & Safety Committee, company secretary and external auditors on the latest material development on various relevant rules and regulations during the Committee and Board Meetings.</p> <p>The Board also stay abreast with sustainability issues which are relevant to the Company's operation by attending the various seminars and trainings.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.

Application	:	Applied	
Explanation on application of the practice	:	During the annual Board Evaluation, the Board, through the NRC, reviewed its performance in managing the sustainability risks and opportunities including the evaluation of the Group's strategic and business plans which promote sustainability. Sustainability issues and compliance on sustainability related matters are being considered when evaluating the performance of senior management.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.5- Step Up

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination and Remuneration Committee ("NRC") recognises the importance of evaluating the Board, the Committee and the individual Directors as one of its primary responsibilities to ensure that the Board is operating efficiently and effectively.</p> <p>The NRC reviews the tenure of Directors from time to time especially upon expiry of their respective tenures and prior to their re-election at the AGM. In reviewing the tenure of Directors, the NRC takes into consideration their performance based on the peer assessment conducted under the annual Board effectiveness evaluation exercise. Their contribution to the Board as well as their participation during the Board and Board Committee deliberations will also be considered.</p> <p>Based on the aforesaid evaluations conducted for the FYE 2022, the NRC and the Board were satisfied with the performance of each Director, the Board as a whole, and the Board Committees.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.2

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	:	Applied	
Explanation on application of the practice	:	The present composition of the Board comprises of one (1) Executive Director and three (3) Independent Non-Executive Directors . Based on the above, 75% of the Board members are Independent Non-Executive Directors.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.3

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should provide justification and seek annual shareholders' approval through a two-tier voting process.

Application	:	Departure
Explanation on application of the practice	:	<p>As at the date of this report, the tenure of Mr. Ng Chin Nam has exceeded nine (9) years serving as Independent Directors of the Group.</p> <p>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.</p> <p>Furthermore, the Independent Directors are not related to any directors or substantial shareholders of the Group and they do not own any shares in the Group.</p> <p>In view of the above, the Group seeks shareholders' approval during the Annual General Meeting to retain Mr. Ng Chin Nam to remain as Independent Non-Executive Director.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.4 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.

Application	:	Not Adopted
Explanation on adoption of the practice	:	This is not applicable to the Company as it does not fall within the definition of "Large Companies".

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.5

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

Application	:	Applied	
Explanation on application of the practice	:	Although the current Board composition reflects a diverse background, the Group practises non-discrimination (whether on age, gender, race or religion) on its selection criteria for Board members and senior management. Their appointment will be based on effective blend of competencies, skills, experiences and knowledge.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Nomination & Remuneration Committee ("NRC") is responsible for making recommendation for any appointments to the Board.</p> <p>Recommendation for suitable candidate received from existing Board members, the management as well as referrals from external sources will be considered by NRC. Shortlisted candidates would be assessed by NRC which includes assessment on skills, competency, time commitment, independence, knowledge, experience, character and other qualities in meeting the needs of the Group.</p> <p>During the financial year, Ms. Chua Hooi Luan was proposed by the senior management to the NRC as a potential candidate for directorship. The NRC had duly reviewed the skills, competency, time commitment, knowledge, experience and character of Ms. Chua Hooi Luan. Upon deliberation and evaluation, NRC agreed to recommend to the Board the appointment of Ms. Chua. The NRC believes Ms. Chua will bring new perspective to the boardroom and that her breadth of expertise and experience will further enhance the core competencies of the Board. The appointment of Ms. Chua Hooi Luan as Independent Non-Executive Director of the Company took effect on 30 June 2022.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

Application	:	Applied
Explanation on application of the practice	:	<p>The profiles of Directors are published in the Annual Report and on company's website. These include their age, gender, tenure of service, directorships in other companies, working experience and any conflict of interest as well as their shareholdings in Asia File, if any.</p> <p>Shareholders are kept informed on the Board's decision in respect of appointment or re-appointment of Directors via announcements to Bursa Securities and issuance of press releases.</p> <p>The details of Directors who are standing for re-election are set out in the Notice of AGM and Statement Accompanying the Notice of AGM of the 2022 Annual Report.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.8

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied	
Explanation on application of the practice	:	Mr. Ng Chin Nam, the Independent Non-Executive Director is the Chairman of the Nomination & Remuneration Committee.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Applied	
Explanation on application of the practice	:	The current Board comprises two (2) women Directors out of four (4) Directors, which meets the criteria of at least 30% women directors.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.10

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

Application	:	Applied	
Explanation on application of the practice	:	Although the Group does not have any formalised policy on gender diversity, the current Board composition meets the criteria of at least 30% women directors. The Board has disclosed the gender diversity in its Annual Report 2022 on page 17.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 6.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>		
Application	:	Applied
Explanation on application of the practice	:	<p>Annual performance evaluation of each director and the Chief Financial Officer are carried out on a self-assessment basis.</p> <p>The assessment and evaluation consists of four sections:- Section I - Board and Board Committees Evaluation for each Director; Section II - Assessment of Character, Experience, Integrity, Competence and Time Commitment for each Director, Chief Financial Officer; Section III - Skill Set Matrix Form for each Director; Section IV - Evaluation of Level of Independence of a Director for Independent Directors</p> <p>Results of the assessment were compiled and evaluated by the Nomination & Remuneration Committee who was satisfied with the outcome of the evaluation.</p>
Explanation for departure	:	
	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	
	:	

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 7.1

The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied	
Explanation on application of the practice	:	The remuneration structure for the Executive Directors and Senior Management links rewards to individual and company performances while the director fees paid to the Non-Executive Directors will take into consideration the level of responsibilities undertaken.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 7.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Remuneration Committee was set up to review and recommend to the Board a transparent and equitable remuneration policy and framework for the directors and Senior Management. The Committee was integrated into the existing Nomination Committee and renamed as Nomination & Remuneration Committee.</p> <p>The Committee is headed by Mr. Ng Chin Nam, an Independent Non-Executive Director.</p> <p>The terms of reference for the Nomination & Remuneration Committee is available on the Company's website (www.asia-file.com).</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	:	Applied
Explanation on application of the practice	:	The remuneration breakdown of individual director for the financial year ended 31 March 2022 is as follows:-

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Dato' Lim Soon Huat	Executive Director	158	-	1,384	511	15	231	2,299	186	-	1,384	511	15	231	2,327
2	Ng Chin Nam	Independent Director	47	-	-	-	-	4	51	47	-	-	-	-	4	51
3	Nurjannah Binti Ali	Independent Director	40	-	-	-	-	3	43	40	-	-	-	-	3	43
4	Lam Voon Kean	Independent Director	40	-	-	-	-	6	46	40	-	-	-	-	6	46

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Departure	
Explanation on application of the practice	:	The Group is of the opinion that the disclosure of the remuneration package for the remaining senior management will jeopardize the confidentiality of the salary information and retention of employees. The Group believes that the above non-disclosure will not in any way affect the interest of the shareholders.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	:	Not Adopted
Explanation on adoption of the practice	:	This is not applicable to the Company as it does not fall within the definition of "Large Companies".

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 9.1

The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the Board does not head the Audit Committee which is chaired by Mr. Ng Chin Nam, an Independent Non-Executive Director.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 9.2

The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

Application	:	Applied	
Explanation on application of the practice	:	The policy has been incorporated into the Terms of Reference of the Audit Committee.	
		None of the members of the Board were former key audit partners.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

Application	:	Applied
Explanation on application of the practice	:	<p>On 28 February 2022, the external auditor, Messrs. BDO PLT was invited to present a summary of their audit plan which outlines the engagement team, materiality, audit scope, methodology and focus areas to the Audit Committee. Upon completion of the audit, the audit findings were shared with the Audit Committee on 30 May 2022.</p> <p>On both occasions, the Audit Committee enjoyed a private session with the external auditor without the presence of the Executive Directors and Management. The meetings with the auditors provide a direct communication and enable the members of the Committee to assess the suitability, objectivity and independence of the external auditor.</p> <p>None of the engagement team of BDO is related to the Directors or Senior Management of the Group. In addition, BDO has an internal policy of partner rotation to enhance the independence of the engagement team. During the meeting with the Audit Committee, the external auditor has also confirmed their independence throughout the conduct of their audit engagement.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	The current composition of the Audit Committee consists solely of Independent Non-Executive Directors

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman of the Audit Committee, Mr. Ng Chin Nam, is a member of the Chartered Institute of Management Accountants ("CIMA") with more than 20 years of experience in the accounting industry. The remaining two members of the Committee also come from strong accounting and financial background. This will enable them to understand matters discussed during the AC meetings in particular on accounts related and financial reporting issues.</p> <p>As part of their continuous professional development, the Audit Committee members have attended various seminars and trainings as outlined in the Corporate Governance Overview Statement in the Annual Report 2022.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 10.1

The board should establish an effective risk management and internal control framework.

Application	:	Applied	
Explanation on application of the practice	:	The Board assumes the overall responsibility for the Group's risk management and internal control system. The Audit Committee will assist the Board in evaluating the adequacy of the effectiveness of the risk management and internal control framework adopted by the Group. Details of the Group's risk management and internal control are available under Statement on Risk Management and Internal Control in the Annual Report 2022.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 10.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied	
Explanation on application of the practice	:	The key elements of the risk management and internal control framework were disclosed in the Statement on Risk Management and Internal Control in the Annual Report 2022.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 10.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 11.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Group has its own Internal Audit Department (“IAD”) which employs four (4) full time employees. The detailed yearly audit plan for financial year ending 2023 was reviewed and approved by the Audit Committee on 28 February 2022.</p> <p>At least once (1) a year, Audit Committee meets with Internal Auditors in the absence of the Executive Directors and management staffs. A risk based approach is adopted in establishing the internal audit program where major risk areas will be identified. Risk Registers for the various processes are set up to identify major risks for such processes. The registers will document the potential impact of those risks, the existing control mechanism available to mitigate the risks and also the recommended control measures to be adopted. The audits are carried out based on the detailed audit procedures as stated on the audit program designed for each of the audit area based on the level of risks identified.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 11.2

The board should disclose—

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The Internal Audit Department (“IAD”) has four (4) full time employees and is headed by Ms Lim Hooi Cheng who has an in-depth knowledge of the Group’s operation. She obtained her Master in Business Administration from University Utara Malaysia and is also a member of the Malaysian Institute of Accountants.</p> <p>All employees in the IAD are free from any relationships or conflicts of interest, which could impair their objectivity and independence.</p> <p>The internal audit function is conducted on a risk based approach.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 12.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	:	Applied
Explanation on application of the practice	:	<p>The Group recognises the importance of keeping its shareholders informed of the development and performance of the Group. Material information is disseminated timely to the public via announcements made to Bursa Securities and other means.</p> <p>The Executive Chairman and the Chief Financial Officer are the primary contacts with the shareholders. Regular dialogue with institutional investors and presentations to analysts are delivered periodically to keep stakeholders updated with the latest insights on the business.</p> <p>At the Annual General Meeting ("AGM") held each year, all Board members, Senior Management and external auditors are present to respond to questions raised by the shareholders.</p> <p>The Company's website (www.asia-file.com) also serves as an excellent platform of communication where shareholders could easily assess all corporate and financial information.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 12.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	This is not applicable to the Company as it does not fall within the definition of "Large Companies".	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied	
Explanation on application of the practice	:	Notice for the Annual General Meeting was issued to the shareholders on 29 July 2022 which is at least 28 days prior to the Annual General Meeting which will be held on 29 September 2022.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied	
Explanation on application of the practice	:	All directors including the Chair of the various Board Committees and Chief Financial Officer were present at the Annual General Meetings and made themselves available to respond to questions raised by the shareholders attending the meetings.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.3

Listed companies should leverage technology to facilitate—

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

Application	:	Applied
Explanation on application of the practice	:	<p>Due to the COVID-19 pandemic and the Movement Control Order ("MCO") imposed by the Government of Malaysia, the 27th AGM was conducted virtually on 30th September 2021 through live streaming and online remote participation. The Remote Participation and Voting ("RPV") facilities were provided by the Company's appointed poll administrator, AGRITEUM Share Registration Services Sdn. Bhd. ("AGRITEUM"). No shareholders/proxies were allowed to be physically present at the Broadcast Venue, after taking into account the health and safety concerns of our shareholders.</p> <p>The meeting arrangement was conducted in accordance with Section 327 of the Companies Act, 2016 and Clause 63 of the Company's Constitution.</p> <p>During the AGM, the Chairman has informed shareholders that in the event of any technical issue, shareholders will be advised by AGRITEUM on how to access its portal via a back-up server, in order to continue participating in the AGM.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.

Application	:	Applied
Explanation on application of the practice	:	<p>The 27th Annual General Meeting (AGM) was a virtual meeting. Together with the Annual Report 2021, the Company had issued an administrative guide which encompassed the guidance on the conduct of the virtual meeting.</p> <p>During the AGM, there was interactive engagement between the Board and shareholders. Shareholders were allowed to submit their questions electronically through the online platform provided prior to AGM or used the Q&A platform to transmit questions to the Board via Remote Participation and Voting (RPV) facilities during the live streaming of the AGM.</p> <p>Shareholders were given sufficient opportunity to pose their questions before the AGM as questions could be sent in from 24 September 2021 onwards.</p> <p>The answers of the questions were addressed by the Chairman before the commencement of the poll voting. If there were any questions which cannot be answered due to time constraint during the AGM, the responses were subsequently uploaded onto the Company's website at www.asia-file.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.

Application	:	Applied
Explanation on application of the practice	:	<p>Prior to AGM and from 24 September 2021 onwards, shareholders were allowed to submit their questions electronically through the online platform provided. Shareholders were also given the opportunity to pose questions via Remote Participation and Voting (RPV) facilities during the AGM.</p> <p>The answers of the questions were addressed by the Chairman before the commencement of the poll voting. If there were any questions which cannot be answered due to time constraint during the AGM, the responses were subsequently uploaded onto the Company's website.</p> <p>A step by step administrative guide was issued to shareholders to facilitate their registration, participation and voting for the fully virtual AGM. During the AGM, the detailed administrative guide video was played to assist shareholders.</p> <p>Online electronic poll voting was conducted for all resolutions set out in the Notice of AGM. AGRITEUM Share Registration Services Sdn. Bhd. was appointed as the Poll Administrator to conduct the poll by way of electronic means while Symphony Merchant Sdn. Bhd. was appointed as Independent Scrutineer to verify the poll results at the AGM.</p> <p>All resolutions proposed were duly passed and the outcome of the AGM was announced to Bursa Securities on the same meeting day. The minutes of the 27th AGM together with the Company's responses to all questions received before and during the AGM were made available to shareholders at the Company's website within thirty (30) business days after the AGM.</p>
Explanation for departure	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.6

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
Application	:	Applied
Explanation on application of the practice	:	Minutes of the 27 th AGM have been made available to shareholders on the Company's website at www.asia-file.com .
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

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