

Company : ASIA-FILE CORPORATION BHD ((313192-P)
 Stock Name : ASIAFLE
 Stock Code : 7129
 Type : GENERAL ANNOUNCEMENT
 Subject : NON RELATED PARTY TRANSACTION
 INVESTMENT IN AUTO-CALLABLE EQUITY-LINKED INVESTMENT

1. The Investment

Asia File Corporation Bhd (“AFC” or “the Company”) wishes to announce further investment totalling RM35 million into Auto-callable Equity-Linked Investment (“the Investment”), a structured investment product issued by Maybank Investment Bank Berhad (“Maybank IB”).

The Investment pays a regular coupon and can potentially be early redeemed or redeemed in shares rather than cash at maturity depending on the performance of the underlying shares.

Date	Amount (RM)	Type of Investment	Issuer	Underlying Shares
08-Aug-2016	10,000,000	Auto-callable Equity-Linked Investment	Maybank IB	China Telecom
07-Sep-2016	25,000,000			

The Investment is part of AFC’s core strategy to maximize return on assets held by the Group (herein referred to AFC and its subsidiaries) taking into consideration the potential return and level of risk associated with the Investment.

The purchase consideration was satisfied in cash. The source of funding to finance the transaction was derived from internally generated funds. The Investment will not materially affect the Group’s earnings, net tangible assets and gearing for the financial year ending 31 March 2017. It will have no effect on the issued and paid up share capital and substantial shareholders’ holding in AFC as no new shares will be issued pursuant to the Investment.

None of the Directors and/or major shareholders and/or persons connected with a Director or major shareholder has any interest, direct or indirect, in the above transactions.

As the Investment is entered into with a licensed investment bank and the underlying shares are in relation to reputable international companies with proven track record, the Board of the Directors is of the view that the investment risk is minimal.

The highest percentage ratio applicable to the Investment, in accordance with paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, is 6.71%.

The Investment is not subject to the approval of AFC’ shareholders.

After taking into consideration the pertinent facts and level of risk associated with the Investment, the Board of Directors of AFC is of the opinion that the Investment is in the best interest of the AFC.

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2. Background information on the Investment

(A) Definition:

- (i) Observed Reference Asset Price : Official closing price of Underlying Reference Asset on Observation Date
- (ii) Final Reference Asset Price : Official closing price of Underlying Reference Asset on Maturity Date
- (iii) Shares amount : Number of shares of Underlying Reference Assets
- (iv) Calculation of shares amount :
$$\frac{\text{Investment Amount}}{\text{Foreign exchange rate at Maturity Date} \times \text{Strike Price}}$$

(B) Salient background information of the Investments

Description	Tranche 04	Tranche 05
Issuer	Maybank IB	
Trade Date	8 August 2016	7 September 2016
Maturity Date	8 August 2017	7 September 2017
Underlying Reference Assets	728: HK (China Telecom)	
Strike Price (HKD)	3.95	4.0100
Autocall Price (HKD) (105% 108% of Strike Price)	4.1475	4.3308
Knock-In-Price (HKD) (75% of Initial Strike Price)	2.9625	3.0075
Investment Amount	RM10,000,000	RM25,000,000
Coupon Rate	10.50% pa	10.00% pa
Settlement Currency	MYR	MYR

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(C) The relevant Autocall and Knock-in Observation Dates as well as Coupon Payment Dates are as tabulated

No.	Tranche 04		Tranche 05	
	Autocall Knock-In Observation Dates	Coupon Payment Dates	Autocall Knock-In Observation Dates	Coupon Payment Dates
1	08.Sep.2016	14.Sep.2016	07.Oct.2016	12.Oct.2016
2	11.Oct.2016	14.Oct.2016	07.Nov.2016	10.Nov.2016
3	08.Nov.2016	11.Nov.2016	07.Dec.2016	13.Dec.2016
4	08.Dec.2016	14.Dec.2016	09.Jan.2017	12.Jan.2017
5	09.Jan.2017	12.Jan.2017	07.Feb.2017	13.Feb.2017
6	08.Feb.2017	14.Feb.2017	07.Mar.2017	10.Mar.2017
7	08.Mar.2017	13.Mar.2017	07.Apr.2017	12.Apr.2017
8	10.Apr.2017	13.Apr.2017	08.May.2017	12.May.2017
9	08.May.2017	12.May.2017	07.Jun.2017	13.Jun.2017
10	08.Jun.2017	14.Jun.2017	07.Jul.2017	12.Jul.2017
11	10.Jul.2017	13.Jul.2017	07.Aug.2017	10.Aug.2017
12	08.Aug.2017	11.Aug.2017	07.Sep.2017	12.Sep.2017

(D) In any case that the following events happened

No.	Event	Description	Impact to AFC
1.	Autocall	Observed \geq Autocall Reference Price Asset Price on any Autocall Observation Date	The Investment will auto-terminate on Coupon Payment Date immediately following the Autocall Observation Date. AFC will receive the outstanding Investment Amount and relevant Coupon Rate on the Coupon Payment Date immediately following the Autocall Observation Date. There will be no further payment of Coupons thereafter.

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No.	Event	Description	Impact to AFC
2.	Knock-In	<p>No Autocall event has occurred and transaction has not been early terminated by Maturity Date</p> <p>(a) Knock-In Event <u>has</u> occurred</p> <p>Observed < Knock-In Reference Price Asset Price</p> <p>on any Knock-In Observation Date</p> <p>(i) Final ≥ Strike Reference Price Asset Price</p> <p>(ii) Final < Strike Reference Price Asset Price</p> <p>(b) Knock-In Event <u>has not</u> occurred</p> <p>Observed ≥ Knock-In Reference Price Asset Price</p> <p>on any Knock-In Observation Date</p>	<p>Issuer will redeem the Investment by paying the Investment Amount in cash in Settlement Currency to AFC.</p> <p>Issuer will deliver Shares Amount or pay Cash Equivalent Amount to AFC.</p> <p>Issuer will redeem the Investment by paying the Investment Amount in cash in Settlement Currency to AFC.</p>
3.	Early redemption (other than by Autocall Event)	AFC may seek early redemption prior to the Maturity Date.	This is at the discretion of Issuer and subject to conditions.

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No.	Event	Description	Impact to AFC
4.	Early redemption (other than by Autocall Event)	Issuer is entitled to redeem the Investment at any time prior to the Maturity Date upon 5-Business Day written notice to AFC.	The amount receivable by AFC in respect of this early redemption shall be the higher of the Investment Amount or the value of the Investment on the Early Redemption Date less all unwinding costs

3. Background information on the Underlying Reference Assets

The Underlying Reference Asset is a blue-chip company listed on the Hong Kong Stock Exchange ("HKEX").

China Telecom Corp Ltd (Bloomberg code: 728 HK)

China Telecom Corporation Ltd.'s ("China Telecom") is one of the world's largest and leading integrated information service operators, providing wireline and mobile telecommunications services, Internet access services, information services and other value-added telecommunications services primarily in the People's Republic of China ("PRC").

China Telecom's H-Shares and American Depositary Shares ("ADSs") are listed on the HKEX and the New York Stock Exchange, respectively. Its market capitalisation as at close of financial year ended on 31 December 2015 ("FY15") was HKD49,819,901,900 in respect of H-Shares. Listed on the HKEX since 15 November 2002, the industry classification for China Telecom is 'Telecommunications'.

The total number of shares issued as at FY15 was 80,932,368,321 inclusive of combined 13,877,410,000 H-Shares and ADSs.

Its 52-week stock price range on the HKEX from a low HKD3.28 to a high of HKD4.34.

The parent and ultimate holding company of China Telecom is China Telecommunications Corporation, a state-owned enterprise established in the PRC.

China Telecom's net asset value, net profit and earnings per share as at FY15 was RMB303,784,000,000, RMB20,054,000,000 and RMB0.2478.

4. Current Outstanding Investment in Auto-Callable Equity-Linked Structured Product

The Group's current outstanding investment in Auto-Callable Equity-Linked Structured Product amounted to RM 35,000,000.

This announcement is dated 09 September 2016.