

THIS STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR SHAREBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

If you have sold all your ordinary shares in ASIA FILE CORPORATION BHD, you should at once hand this statement to the agent through whom the sale was effected for transmission to the purchaser.

Bursa Malaysia Securities Berhad ("Bursa Securities") has not perused this Share Buy-Back Statement prior to its issuance as it is an Exempted Circular. Bursa Securities takes no responsibility for the contents of this Share Buy-Back Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Share Buy-Back Statement.



ASIA FILE CORPORATION BHD

(Company No.313192-P)

(Incorporated in Malaysia)

SHARE BUY-BACK STATEMENT

IN RELATION TO THE

PROPOSED RENEWAL OF THE AUTHORITY FOR THE PURCHASE OF UP TO 10% OF THE ISSUED AND PAID-UP ORDINARY SHARE CAPITAL OF THE COMPANY PURSUANT TO SECTION 67A OF THE COMPANIES ACT, 1965

This Statement is dated 6 September 2012

CONTENTS

LETTER TO THE SHAREHOLDERS CONTAINING:

	SECTION	PAGE
1.	INTRODUCTION	1-2
2.	RATIONALE FOR THE PROPOSAL	2
3.	SOURCE OF FUNDS	2
4.	ADVANTAGES AND DISADVANTAGES	3
5.	FINANCIAL EFFECTS OF THE PROPOSAL	3
6.	INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS	4
7.	PUBLIC SHAREHOLDING SPREAD	4
8.	IMPLICATION OF THE CODE	5
9.	DIRECTORS' RECOMMENDATION	5
10.	FURTHER INFORMATION	5

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Statement:

“AGM”	:	Annual General Meeting
“Code”	:	Malaysian Code on Takeovers and Mergers, 1998
“Directors”	:	Directors of Asia File
“EPS”	:	Earnings per share
“Bursa Securities”	:	Bursa Malaysia Securities Berhad
“NA”	:	Net assets
“Asia File ” or “the Company”	:	Asia File Corporation Bhd (313192-P)
“Asia File Group” or “the Group”	:	Asia File, its subsidiaries and associated companies
“Ordinary Resolution”	:	The ordinary resolution pertaining to the Proposed Share Buy-Back
“Proposal”	:	Proposed Share Buy-Back
“Proposed Share Buy-Back”	:	Proposal to enable Asia File to purchase Asia File Shares for up to ten per centum (10%) of the issued and paid-up share capital of the Company
“Mandatory General Offer”	:	An offer by a person and any person acting in concert with him or a relevant shareholder for the remaining ordinary shares of the Company not already owned by him/them if his/their stake in the Company is increased to beyond 33% or if his/their existing shareholding is between 33% and 50% and exceeds by another 2% in any six (6) months period.
“Proposed Waiver”	:	Proposed waiver for Prestige Elegance (M) Sdn Bhd (329793D) and Datin Khoo Saw Sim, the substantial shareholders of Asia File and the interested Directors, Mr. Lim Soon Huat, Mr. Lim Soon Wah and Mr. Lim Soon Hee from the obligation to undertake a Mandatory General Offer for the remaining shares in Asia File not already held by Prestige Elegance (M) Sdn Bhd. Should the Proposed Share Buy-Back when implemented, result in any of the shareholdings of the Directors and /or Prestige Elegance (M) Sdn Bhd and Datin Khoo Saw Sim, the substantial shareholders of the Company, exceed the limit provided under the Code which will require them to make a Mandatory General Offer, they are required to seek Securities Commission’s approval for a waiver from the obligation to undertake a Mandatory General Offer.
“RM”	:	Ringgit Malaysia
“Asia File Shares” or “Shares”	:	Shares of RM1.00 each in the Company

ASIA FILE CORPORATION BHD

(Company No. 313192-P)

(Incorporated in Malaysia)

Registered Office:-

Suite 2-1, 2nd Floor
Menara Penang Garden
42A Jalan Sultan Ahmad Shah
10050 Penang

6 September 2012

Board of Directors:-

Lim Soon Huat (Executive Chairman and Managing Director)
Ng Chin Nam (Independent Non-Executive Director)
Lim Soon Wah (Non-Independent Executive Director)
Lam Voon Kean (Non-Independent Non-Executive Director)
Nurjannah Binti Ali (Independent Non-Executive Director)
Lim Soon Hee (Non-Independent Non-Executive Alternate Director)
Alternate to Ng Chin Nam

To: The Shareholders of Asia File Corporation Bhd.

Dear Sir/Madam

PROPOSED PURCHASE OF OWN SHARES BY THE COMPANY

1. INTRODUCTION

The Board of Directors of the Company had on 24 August 2012, announced to the Bursa Securities that the Company proposes to seek a fresh mandate from its shareholders to purchase shares of the Company up to ten per centum (10%) of the existing issued and paid up share capital of the Company.

The present mandate granted by the shareholders of the Company at the Seventeenth AGM held on 28 September 2011 for the purchase of its own shares will expire at the conclusion of the forthcoming AGM unless a new mandate is obtained from shareholders.

The Company proposes to seek a renewal of the approval from the shareholders at the forthcoming Eighteenth AGM to be convened on 28 September 2012, for the Company to purchase and/or hold its own shares of up to ten per cent (10%) of the total issued and paid-up share capital of the Company through Bursa Securities in accordance with Section 67A of the Companies Act, 1965.

1. INTRODUCTION (Cont'd)

The authorization from the shareholders, if given, shall be effective immediately upon the passing of the ordinary resolution relating thereto at the Eighteenth AGM and will continue in force until:

- i. the conclusion of the next AGM of the Company following the forthcoming Eighteenth AGM, at which such resolution was passed, at which time the said authority will lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- ii. the expiration of the period within which the next AGM of the Company after that date is required by law to be held; or
- iii. revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first.

2. RATIONALE FOR THE PROPOSAL

The Proposed Share Buy-Back

The Proposed Share Buy-Back if exercised is expected to potentially benefit the Company and its shareholders as follows:

- i. The Company would expect to enhance the EPS of the Group (in the case where the Directors resolve to cancel the Shares so purchased and/or retain the Shares in treasury and the treasury shares are not subsequently resold), and thereby long term and genuine investors are expected to enjoy a corresponding increase in the value of their investments in the Company;
- ii. If the Shares bought back are kept as treasury shares, it will give the Directors an option to sell the Shares so purchased at a higher price and therefore make an exceptional gain for the Company. Alternatively the Shares so purchased can be distributed as share dividends to shareholders; and
- iii. The Company may be able to stabilise the supply and demand of its Shares in the open market and thereby supporting its fundamental values.

3. SOURCE OF FUNDS

The Proposed Share Buy-Back will be financed through internally generated funds and/or bank borrowings. The maximum amount of funds to be utilised by the Company for the Proposed Share Buy-Back shall not exceed the sum of retained profits and share premium account of the Company, otherwise available for dividend for the time being, i.e. as per audited financial statements as at 31 March 2012 and the latest management accounts of the Company as at 30 June 2012 as follow:-

	As at 31/03/2012	As at 30/06/2012
	RM'000	RM'000
Retained earning	20,085	20,259
Share premium account	17,430	17,660
	<hr/>	<hr/>
	37,515	37,919

In the event that the Company intends to purchase its own shares using bank borrowings, the Board shall ensure that the Company shall have sufficient funds to repay the external borrowings and that the repayment would not have any materials effect on the cash flow of the Group.

4. ADVANTAGES AND DISADVANTAGES

The advantages of the Proposed Renewal of Authority for Share Buy-Back are outlined in Item 2 of this Share Buy-Back Statement.

The Proposed Share Buy-Back is not expected to have any potential material disadvantage to the Company and its shareholders, other than as disclosed below, as it will be exercised only after in-depth consideration of the financial resources of the Group and of the resultant impact on its shareholders.

The Proposed Share Buy-Back, if exercised, will reduce the financial resources of Asia File and may result in Asia File having to forego other alternative investment opportunities which may emerge in the future, and it may reduce the financial resources of Asia File for payment of dividends. Nevertheless, the Directors will be mindful of the interests of Asia File and its shareholders when exercising the Proposed Share Buy-Back.

5. FINANCIAL EFFECTS OF THE PROPOSAL

The Proposed Share Buy-Back will not have any financial effects on the share capital of the Company and earnings or net assets of the Group.

5.1 Share Capital

The Proposed Share Buy-Back, if carried out in full and the Shares so purchased are cancelled, will reduce the issued and paid-up share capital of Asia File as at 1 August 2012 by RM11,611,353 comprising of 11,611,353 Shares of RM1.00 each from RM 116,113,530 comprising of 116,113,530 Shares of RM1.00 each to RM104,502,177 comprising of 104,502,177 Shares of RM1.00 each. However, there will be no effect on the issued and paid-up share capital of Asia File if the Shares so purchased are retained in treasury.

5.2 NA per share

The effects of the Proposed Share Buy-Back on the NA per share of the Group are dependent on the purchase prices of the Asia File Shares and the effective funding cost to the Company.

If all the Asia File Shares purchased are to be cancelled, the Proposed Share Buy-Back will reduce the NA per share when the purchase price exceeds the NA per share at the relevant point in time. On the contrary, the NA per share will be increased when the purchase price is less than the NA per share at the relevant point in time.

5.3 Working Capital

The Proposed Share Buy-Back, if exercised, will reduce the working capital of the Group, the quantum of which depends on the purchase price of Asia File Shares and the actual number of Asia File Shares purchased.

5.4 EPS

The effects of the Proposed Share Buy-Back on the EPS of the Group are dependent on the actual number of Asia File Shares bought back and the purchase prices of Asia File Shares and the effective funding cost to the Company.

5.5 Dividends

Assuming the Proposed Share Buy-Back is implemented in full and the dividend quantum is maintained at the current level of 21.50% per annum as recommended by the Directors for the financial year ended 31 March 2012, the Proposed Share Buy-Back will have the effect of increasing the dividend rate of Asia File as a result of the reduction in the issued and paid-up share capital of Asia File as described under Section 5.1 above.

6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The Directors, substantial shareholders and persons connected with the Directors and/or substantial shareholders of the Asia File Group have no direct or indirect interest in the Proposed Share Buy-Back and resale of treasury shares.

The Proposed Share Buy-Back will cause the proportionate increase in the percentage of shareholdings and/or voting rights of the shareholders. The table below shows the equity interests held directly and indirectly in Asia File by the Directors and substantial shareholders as at 1 August 2012 and the effect of the Proposed Share Buy-Back assuming Asia File implements the Proposed Share Buy-Back in full:

	←----- No. of ordinary shares of RM1.00 each in ASIA FILE ----->							
	<Before the Proposed Share Buy-Back>				<After the Proposed Share Buy-Back>*			
	Direct	%	Indirect	%	Direct	%	Indirect	%
Directors								
Lim Soon Huat	897,291	0.78	54,961,437 [^]	47.50	897,291	0.86	54,961,437 [^]	52.59
Ng Chin Nam	-	-	-	-	-	-	-	-
Lim Soon Wah	2,489,825	2.15	152,320 ^{**}	0.13	2,489,825	2.38	152,320 ^{**}	0.15
Lam Voon Kean	-	-	-	-	-	-	-	-
Nurjannah Binti Ali	-	-	-	-	-	-	-	-
Lim Soon Hee (Alternate to Ng Chin Nam)	-	-	-	-	-	-	-	-
Substantial Shareholders								
1 Khoo Saw Sim	1,617,920	1.40	52,336,837 ^{^^}	45.23	1,617,920	1.55	52,336,837 ^{^^}	50.08
2 Lim Soon Huat	897,291	0.78	52,336,837 ^{^^}	45.23	879,291	0.86	52,336,837 ^{^^}	50.08
3 Prestige Elegance (M) Sdn Bhd	52,336,837	45.23	-	-	52,336,837	50.08	-	-
4 NTAsian Discovery Master Fund	6,811,520	5.89	-	-	6,811,520	6.52	-	-
5 AmanahRaya Trustees Berhad - Skim Amanah Saham Bumiputra	30,606,900	26.45	-	-	30,606,900	29.29	-	-

* The Proposed Share Buy-Back is implemented in full and all the Shares so purchased are fully cancelled

[^] Deemed interest via Prestige Elegance (M) Sdn Bhd and inclusive of spouse and children

^{**} These shares are held in the name of spouse and are treated as interest of the Director in accordance with Section 134(12c) of the Companies Act, 1965

^{^^} Deemed interest via Prestige Elegance (M) Sdn Bhd pursuant to Section 6A of the Companies Act, 1965

7. PUBLIC SHAREHOLDING SPREAD

As at 1 August 2012, the public shareholding spread of the Company was 47.03%. The Proposed Share Buy-Back would be conducted in accordance with law prevailing at the time of purchase including compliance with the 25% public shareholding spread as required by listing requirement.

8. IMPLICATION OF THE CODE

Under Part III Paragraph 9 (1)(b) of the Code, a person and any person acting in concert with him or a relevant shareholder will be required to make a Mandatory General Offer for the remaining ordinary shares of the Company not already owned by him/them if his/their stake in the Company is increased to beyond 33% or if his/their existing shareholding is between 33% and 50% and exceeds by another 2% in any six (6) months period.

As at 1 August 2012, Prestige Elegance (M) Sdn Bhd owned 52,336,837 ordinary shares of RM1.00 each in Asia File which represents 45.23% of the existing issued and paid-up share capital of Asia File. As such, Prestige Elegance (M) Sdn Bhd, a substantial shareholder of Asia File by virtue of the management control exercised collectively by Mr. Lim Soon Huat, Mr. Lim Soon Wah and Mr. Lim Soon Hee is deemed to be a Party Acting in Concert with these Directors.

The Proposed Share Buy-Back, if fully exercised, will result in the equity interest of Prestige Elegance (M) Sdn Bhd increasing from 45.23% as at 1 August 2012 to 50.08%. The Directors shall take all necessary steps to ensure that the Proposed Share Buy-Back when implemented, will not result in any of the shareholdings of the Directors and/or Prestige Elegance (M) Sdn Bhd and Datin Khoo Saw Sim, the substantial shareholders of the Company, exceed the limit provided under the Code which will require them to make a Mandatory General Offer.

Should such circumstance arise and if required, the Directors, Mr. Lim Soon Huat, Mr. Lim Soon Wah and Mr. Lim Soon Hee and the substantial shareholders, Prestige Elegance (M) Sdn Bhd and Datin Khoo Saw Sim are required to seek Securities Commission's approval for a waiver from the obligation to undertake a Mandatory General Offer under Securities Commission's Practice Note 9 of the Code, which is in respect of exemption for holders of voting shares, directors and persons acting in concert when a company purchases its own voting shares.

In the event the Proposed Waiver is not granted, the Company will only proceed with the Proposed Share Buy-Back to the extent that it will not contravene the limit as provided under the Code.

9. DIRECTORS' RECOMMENDATION

Your Directors (except interested Directors, Mr. Lim Soon Huat, Mr. Lim Soon Wah and Mr. Lim Soon Hee), having considered all aspects of the Proposed Share Buy-Back, are of the opinion that it is in the best interest of the Company and accordingly, your Directors (except interested Directors, Mr. Lim Soon Huat, Mr. Lim Soon Wah and Mr. Lim Soon Hee who will abstain from deliberation and recommendation in respect of the Proposed Share Buy-Back) recommend that you vote in favour of the ordinary resolution pertaining to the Proposed Share Buy-Back contained herein to be tabled at the forthcoming AGM.

10. FURTHER INFORMATION

Shareholders are advised to refer Notes 13 – Treasury Shares of the Financial Statements for the financial year ended 31 March 2012 in the Annual Report 2012 for additional information pertaining to the purchases made by the Company of its own shares in the last financial year.