

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your Stockbroker, Bank Manager, Solicitor, Accountant or other professional adviser immediately.

Bursa Malaysia Securities Berhad ("**Bursa Securities**") has prescribed circulars to shareholders on bonus issue ("**Circular**") as exempt Circulars. As such, Bursa Securities has not perused the contents of this Circular prior to its issuance.

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ASIA FILE CORPORATION BHD.

(Company No.: 313192-P)
(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS
IN RELATION TO THE**

PROPOSED BONUS ISSUE OF UP TO 71,762,460 NEW ORDINARY SHARES OF RM1.00 EACH ("SHARES"), TO BE CREDITED AS FULLY PAID-UP ON THE BASIS OF THREE (3) NEW SHARES FOR EVERY FIVE (5) EXISTING SHARES HELD AT AN ENTITLEMENT DATE TO BE DETERMINED LATER

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser



AmInvestment Bank

AmInvestment Bank Berhad

(Company No. 23742-V)

A member of

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Extraordinary General Meeting to be held at Merbah 1 Room, Hotel Equatorial, No.1, Jalan Bukit Jambul, 11900 Penang on Monday, 29 September 2014 at 10.30 a.m. or immediately following the conclusion or adjournment of the 20th Annual General Meeting of the Company, which will be held at the same venue and on the same day at 10.00 a.m. is set out in this Circular. Shareholders are advised to refer to the Notice of the Extraordinary General Meeting and the Proxy Form which are enclosed.

The Proxy Form must be lodged at the Registered Office of the Company at Suite 16-1 (Penthouse Upper), Menara Penang Garden, 42A, Jalan Sultan Ahmad Shah, 10050 Penang, not less than forty-eight (48) hours before the time stipulated for holding the meeting. The lodging of the Proxy Form will not preclude you from attending and voting in person at the meeting should you subsequently decide to do so.

Last date and time for lodging the Proxy Form : Saturday, 27 September 2014 at 10.30 a.m.
Date and time of the EGM : Monday, 29 September 2014 10.30 a.m.

This Circular is dated 5 September 2014

DEFINITIONS

For the purpose of this Circular, except where the context otherwise requires, the following definitions shall apply:-

Act	:	The Companies Act, 1965
AGM	:	Annual General Meeting
AmInvestment Bank	:	AmInvestment Bank Berhad (23742-V)
Asia File Group or the Group	:	Asia File and its subsidiaries
Asia File or the Company	:	Asia File Corporation Bhd. (313192-P)
Board	:	The Board of Directors of Asia File
Bonus Shares	:	Up to 71,762,460 new Shares to be issued pursuant to the Proposed Bonus Issue
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)
EGM	:	Extraordinary General Meeting
Entitlement Date	:	The date to be determined and announced later by the Board on which the Company's shareholders must be registered in the Record of Depositors at the close of business in order to be entitled to participate in the Proposed Bonus Issue
EPS	:	Earnings per Share
ESOS	:	The Employees' Share Option Scheme of Asia File
ESOS Options	:	Options under the ESOS
Exercisable ESOS Options	:	The Company has 3,950,800 outstanding ESOS Options of which 1,643,600 outstanding ESOS Options are exercisable as at LPD
FYE	:	Financial year ended/ ending 31 March as the case may be
Listing Requirements	:	The Main Market Listing Requirements of Bursa Securities including any amendments thereof that may be made from time to time
LPD	:	28 August 2014, being the latest practicable date prior to the printing and despatch of this Circular
Market Day(s)	:	Any day between Monday and Friday (both days inclusive) which is not a public holiday and on which Bursa Securities is open for the trading of securities
Maximum Scenario	:	Assuming all the Exercisable ESOS Options are exercised prior to the Entitlement Date
Minimum Scenario	:	Assuming none of the Exercisable ESOS Options are exercised prior to the Entitlement Date
NA	:	Net assets

DEFINITIONS (Cont'd)

- Proposed Bonus Issue** : The proposed bonus issue of Bonus Shares, to be credited as fully paid-up to the existing shareholders of the Company on the basis of three (3) new Shares for every five (5) existing Shares held on the Entitlement Date
- Record of Depositors** : A record of security holders established and maintained by Bursa Depository
- RM and sen** : Ringgit Malaysia and sen respectively
- Asia File Share(s) or Share(s)** : Ordinary share(s) of RM1.00 each in Asia File

Unless specifically referred to, words denoting the singular shall include the plural and vice versa and words denoting the masculine gender shall include the feminine and neuter genders and vice versa. References to persons shall include corporations.

All references to “you” in this Circular are to the shareholders.

Any discrepancies in the tables included in this Circular between the amounts listed, actual figures and the totals thereof are due to rounding.

Any reference to time of day in this Circular is a reference to Malaysian time, unless otherwise stated.

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ASIA FILE CORPORATION BHD.

(Company No: 313192-P)
(Incorporated in Malaysia)

Registered Office

Suite 16-1 (Penthouse Upper)
Menara Penang Garden
42A, Jalan Sultan Ahmad Shah
10050 Penang

5 September 2014

Directors

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

To: **The Shareholders of Asia File Corporation Bhd.**

Dear Sir/Madam,

PROPOSED BONUS ISSUE OF UP TO 71,762,460 NEW SHARES TO BE CREDITED AS FULLY PAID-UP ON THE BASIS OF THREE (3) NEW SHARES FOR EVERY FIVE (5) EXISTING SHARES HELD AT AN ENTITLEMENT DATE TO BE DETERMINED LATER

1. INTRODUCTION

On 6 August 2014, AmlInvestment Bank, on behalf of the Board, announced that the Company proposed to undertake a bonus issue of up to 71,762,460 new Shares to be credited as fully paid-up on the basis of three (3) new Shares for every five (5) existing Shares held on the Entitlement Date.

On 28 August 2014, AmlInvestment Bank, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 27 August 2014, resolved to approve the listing of and quotation for the Bonus Shares on the Main Market of Bursa Securities, subject to the conditions as set out in Section 8 of this Circular.

The purpose of this Circular is to provide the shareholders with the relevant information on the Proposed Bonus Issue, to set out your Board's recommendation thereon and to seek your approval for the resolution pertaining to the Proposed Bonus Issue to be tabled at the forthcoming EGM. The Notice of the EGM together with the Proxy Form is enclosed in this Circular.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDIX ATTACHED BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED BONUS ISSUE AT THE FORTHCOMING EGM.

2. THE PROPOSED BONUS ISSUE

2.1 *Details of the Proposed Bonus Issue*

The Proposed Bonus Issue shall involve the issuance of up to 71,762,460 Bonus Shares, to be credited as fully paid-up to the existing shareholders of the Company on the basis of three (3) new Shares for every five (5) existing Shares held by the shareholders whose names appear in the Record of Depositors of Asia File on the Entitlement Date.

The actual number of Bonus Shares to be issued will depend on the size of the issued and paid-up share capital of the Company on the Entitlement Date, after taking into consideration the following:-

- (i) the issued and paid-up share capital of the Company as at LPD, of RM117,960,500 comprising 117,960,500 Shares after deducting 400,100 Shares retained as treasury shares; and
- (ii) assuming full exercise of Exercisable ESOS Options.

In determining shareholders' entitlements to the Proposed Bonus Issue, fractional entitlements, if any, will be disregarded and shall be dealt with in such manner as the Board shall in their absolute discretion deem fit and in the best interest of Asia File.

The Proposed Bonus Issue will not be implemented on a staggered basis.

2.2 *Capitalisation of Reserves*

The Proposed Bonus Issue shall be capitalised from the share premium and retained earnings accounts of the Company.

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An illustration of the proposed capitalisation for the Proposed Bonus Issue based on the latest audited financial statements of Asia File for the FYE 2014 at the Company level, after taking into consideration the events subsequent to the FYE 2014 is as set out in the following table:-

Company Level	Minimum Scenario			Maximum Scenario		
	Share Premium (RM)	Retained Earnings (RM)	Total (RM)	Share Premium (RM)	Retained Earnings (RM)	Total (RM)
Audited as at 31 March 2014	19,370,417	81,297,954	100,668,371	19,370,417	81,297,954	100,668,371
Subsequent events:-						
- ESOS Options lapsed ⁽¹⁾	-	40,407	40,407	-	40,407	40,407
- ESOS Options exercised ⁽²⁾	5,001,269	-	5,001,269	5,001,269	-	5,001,269
- Share premium arising from the full exercise of Exercisable ESOS Options ⁽³⁾	-	-	-	4,785,308	-	4,785,308
- Proposed final dividend ⁽⁴⁾	-	(15,924,668)	(15,924,668)	-	(16,146,554)	(16,146,554)
Capitalisation pursuant to the Proposed Bonus Issue	(24,371,686)	(46,404,614)	(70,776,300)	(29,156,994)	(42,605,466)	(71,762,460)
Estimated expenses in relation to the Proposed Bonus Issue	-	(150,000)	(150,000)	-	(150,000)	(150,000)
After the Proposed Bonus Issue	-	18,859,079	18,859,079	-	22,436,341	22,436,341

Notes:-

(1) Adjusted for RM40,407 in relation to the 82,100 ESOS Options that had lapsed due to resignations of staffs.

(2) Pursuant to the exercise of 1,627,770 ESOS Options at exercise prices ranging from RM3.10 to RM4.11 per Share from 1 April 2014 to LPD as detailed below:-

Exercise Price (RM)	ESOS Options Exercised (No. of Shares)
3.10	707,600
3.14	446,570
3.90	28,600
4.11	445,000
Total	1,627,770

(3) Assuming 1,643,600 Exercisable ESOS Options are exercised at exercise prices ranging from RM3.10 to RM4.11 per Share as detailed below:-

Exercise Price (RM)	ESOS Options Exercised (No. of Shares)
3.10	429,450
3.14	879,050
3.90	20,100
4.11	315,000
Total	1,643,600

(4) The proposed final single tier dividend of 13.50% in respect of the FYE 2014 as announced on 29 May 2014 is subject to shareholders' approval at the Company's forthcoming AGM. The Bonus Shares will not be entitled to the proposed final dividend as the Entitlement Date for the Bonus Shares will be determined after the entitlement date and the consequential payment date for the proposed final dividend have been announced.

An illustration of the proposed capitalisation for the Proposed Bonus Issue based on the latest unaudited financial statements of Asia File for the three (3) months financial period ended 30 June 2014 at the Company level, after taking into consideration the events subsequent to the financial period ended 30 June 2014 is as set out in the following table:-

Company Level	Minimum Scenario			Maximum Scenario		
	Share Premium (RM)	Retained Earnings (RM)	Total (RM)	Share Premium (RM)	Retained Earnings (RM)	Total (RM)
Unaudited as at 30 June 2014	23,826,885	81,483,892	105,310,777	23,826,885	81,483,892	105,310,777
Subsequent events:-						
- ESOS Options exercised ⁽¹⁾	544,801	-	544,801	544,801	-	544,801
- Share premium arising from the full exercise of Exercisable ESOS Options ⁽²⁾	-	-	-	4,785,308	-	4,785,308
- Proposed final dividend ⁽³⁾	-	(15,924,668)	(15,924,668)	-	(16,146,554)	(16,146,554)
Capitalisation pursuant to the Proposed Bonus Issue	(24,371,686)	(46,404,614)	(70,776,300)	(29,156,994)	(42,605,466)	(71,762,460)
Estimated expenses in relation to the Proposed Bonus Issue	-	(150,000)	(150,000)	-	(150,000)	(150,000)
After the Proposed Bonus Issue	-	19,004,610	19,004,610	-	22,581,872	22,581,872

Notes:-

- (1) Pursuant to the exercise of 199,950 ESOS Options at exercise prices ranging from RM3.10 to RM3.90 per Share from 1 July 2014 to LPD as detailed below:-

Exercise Price (RM)	ESOS Options Exercised (No. of Shares)
3.10	79,750
3.14	118,500
3.90	1,700
Total	199,950

- (2) Assuming 1,643,600 Exercisable ESOS Options are exercised at exercise prices ranging from RM3.10 to RM4.11 per Share as detailed below:-

Exercise Price (RM)	ESOS Options Exercised (No. of Shares)
3.10	429,450
3.14	879,050
3.90	20,100
4.11	315,000
Total	1,643,600

- (3) The proposed final single tier dividend of 13.50% in respect of the FYE 2014 as announced on 29 May 2014 is subject to shareholders' approval at the Company's forthcoming AGM. The Bonus Shares will not be entitled to the proposed final dividend as the Entitlement Date for the Bonus Shares will be determined after the entitlement date and the consequential payment date for the proposed final dividend have been announced.

The Company has adequate reserves available for the capitalisation of the Proposed Bonus Issue.

The Board has confirmed that the reserves which is required for the capitalisation of the Bonus Shares is unimpaired by losses on a consolidated basis based on the latest audited consolidated financial statements of Asia File for the FYE 2014 and the latest unaudited consolidated financial statements of Asia File for the three (3) months financial period ended 30 June 2014.

2.3 *Ranking of the Bonus Shares*

The Bonus Shares shall, upon allotment and issue, rank pari passu in all respects with the existing Shares of the Company upon listing.

2.4 *Listing of and Quotation for the Bonus Shares*

Approval has been obtained from Bursa Securities via its letter dated 27 August 2014 for the listing of and quotation for the Bonus Shares on the Main Market of Bursa Securities, subject to the conditions as set out in Section 8 of this Circular.

The Bonus Shares will be listed and quoted on the Main Market of Bursa Securities on the next Market Day after the Entitlement Date. The notices of allotment for the Bonus Shares will be issued and despatched to the entitled shareholders no later than four (4) Market Days after the date of the listing of and quotation for the Bonus Shares.

3. RATIONALE FOR THE PROPOSED BONUS ISSUE

After due consideration, the Board is of the view that the Proposed Bonus Issue is the most appropriate avenue of enhancing the Company's capital base as the Proposed Bonus Issue will:-

- (a) increase the capital base of the Company to a level which will better reflect the Asia File Group's current scale of operations and assets employed;
- (b) enhance greater participation from broader investors in the equity of the Company in view of the higher marketability and liquidity in the trading of the Company's Shares; and
- (c) reward the existing shareholders of the Company for their continuous support by enabling them to have greater participation in the equity of the Company in terms of the increased number of Shares held in the Company whilst maintaining their equity interests.

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4. EFFECTS OF THE PROPOSED BONUS ISSUE

The effects of the Proposed Bonus Issue are as follows:-

4.1 Share Capital

The effects of the Proposed Bonus Issue on the issued and paid-up share capital of the Company are set out below:-

Share Capital	Minimum Scenario		Maximum Scenario	
	No. of Shares	RM	No. of Shares	RM
Authorised share capital as at LPD	500,000,000	500,000,000	500,000,000	500,000,000
Issued and Paid-up Share Capital				
Issued and paid-up share capital as at LPD	118,360,600	118,360,600	118,360,600	118,360,600
Less: Treasury shares as at LPD	(400,100)	(400,100)	(400,100)	(400,100)
	117,960,500	117,960,500	117,960,500	117,960,500
Assuming full exercise of the Exercisable ESOS Options	-	-	1,643,600	1,643,600
	117,960,500	117,960,500	119,604,100	119,604,100
To be issued pursuant to the Proposed Bonus Issue	70,776,300	70,776,300	71,762,460	71,762,460
Enlarged issued and paid-up share capital after the Proposed Bonus Issue (net of treasury shares)	188,736,800	188,736,800	191,366,560	191,366,560

Note:-

It is neither the intention of the Company to undertake further shares buy-back nor to resell any treasury shares in the open market prior to the Entitlement Date.

4.2 Earnings

The Proposed Bonus Issue is not expected to have any material effect on the earnings of the Asia File Group for the FYE 2015. However, the earnings per Share of the Asia File Group will be proportionately diluted as a result of the increase in the number of Asia File Shares arising from the Proposed Bonus Issue.

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4.3 NA and Gearing

The proforma effects of the Proposed Bonus Issue on the NA and gearing of the Asia File Group (assuming no further shares buy-back and none of the existing treasury shares are resold prior to the Entitlement Date) based on the latest consolidated financial statements of Asia File for the FYE 2014 are set out below:-

Minimum Scenario

	Audited as at 31.03.2014	(I)	(II)
		Proforma After Subsequent Events	Proforma After (I) and Proposed Bonus Issue
	RM'000	RM'000	RM'000
Group level			
Share capital	116,733	^(a) 118,361	189,137
Translation reserve	7,487	7,487	7,487
Share premium	19,723	^(a) 24,723	352
Share options reserve	3,478	^{(a) (b)} 2,345	2,345
Retained earnings	290,207	^{(b) (c)} 274,323	^(d) 227,768
Treasury shares	(1,845)	^(e) (1,845)	(1,845)
Shareholders' funds/ NA	435,783	425,394	425,244
No. of Shares in issue (RM'000)	^(f) 116,333	^(g) 117,961	^(g) 188,737
NA per Share (RM)	3.75	3.61	2.25
Borrowings (RM'000)	23,804	23,804	23,804
Gearing (times)	0.05	0.06	0.06

Notes:-

- (a) Pursuant to the exercise of 1,627,770 ESOS Options at exercise prices ranging from RM3.10 to RM4.11 per Share from 1 April 2014 to LPD as detailed below:-

Exercise Price (RM)	ESOS Options Exercised (No. of Shares)
3.10	707,600
3.14	446,570
3.90	28,600
4.11	445,000
Total	1,627,770

- (b) Adjusted for RM40,407 in relation to the 82,100 ESOS Options that had lapsed due to resignations of staffs.
- (c) The proposed final single tier dividend of 13.50% in respect of the FYE 2014 as announced on 29 May 2014 is subject to shareholders' approval at the Company's forthcoming AGM. The Bonus Shares will not be entitled to the proposed final dividend as the Entitlement Date for the Bonus Shares will be determined after the entitlement date and the consequential payment date for the proposed final dividend have been announced.
- (d) After netting estimated expenses of RM150,000 pursuant to the Proposed Bonus Issue.
- (e) 100 Shares purchased for a total consideration of RM730 on 3 June 2014.
- (f) Excluding 400,000 treasury shares as at 31 March 2014.
- (g) Excluding 400,100 treasury shares as at LPD.

Maximum Scenario

	Audited as at 31.03.2014	(I)	(II)
		Proforma After Subsequent Events and Full Exercise of Exercisable ESOS Options	Proforma After (I) and Proposed Bonus Issue
	RM'000	RM'000	RM'000
Group level			
Share capital	116,733	^(a) 120,004	191,767
Translation reserve	7,487	7,487	7,487
Share premium	19,723	^(a) 29,509	352
Share options reserve	3,478	^{(a) (b)} 1,380	1,380
Retained earnings	290,207	^{(b) (c)} 274,101	^(d) 231,346
Treasury shares	(1,845)	^(e) (1,845)	(1,845)
Shareholders' funds/ NA	435,783	430,636	430,487
No. of Shares in issue (RM'000)	^(f) 116,333	^(g) 119,604	^(g) 191,367
NA per Share (RM)	3.75	3.60	2.25
Borrowings (RM'000)	23,804	23,804	23,804
Gearing (times)	0.05	0.06	0.06

Notes:-

- (a) (i) Pursuant to the exercise of 1,627,770 ESOS Options at exercise prices ranging from RM3.10 to RM4.11 per Share from 1 April 2014 to LPD as detailed below:-

Exercise Price (RM)	ESOS Options Exercised (No. of Shares)
3.10	707,600
3.14	446,570
3.90	28,600
4.11	445,000
Total	1,627,770

- (ii) Assuming 1,643,600 Exercisable ESOS Options are exercised at exercise prices ranging from RM3.10 to RM4.11 per Share as detailed below:-

Exercise Price (RM)	ESOS Options Exercised (No. of Shares)
3.10	429,450
3.14	879,050
3.90	20,100
4.11	315,000
Total	1,643,600

- (b) Adjusted for RM40,407 in relation to the 82,100 ESOS Options that had lapsed due to resignations of staffs.
- (c) The proposed final single tier dividend of 13.50% in respect of the FYE 2014 as announced on 29 May 2014 is subject to shareholders' approval at the Company's forthcoming AGM. The Bonus Shares will not be entitled to the proposed final dividend as the Entitlement Date for the Bonus Shares will be determined after the entitlement date and the consequential payment date for the proposed final dividend have been announced.
- (d) After netting estimated expenses of RM150,000 pursuant to the Proposed Bonus Issue.
- (e) 100 Shares purchased for a total consideration of RM730 on 3 June 2014.
- (f) Excluding 400,000 treasury shares as at 31 March 2014.
- (g) Excluding 400,100 treasury shares as at LPD.

4.4 Substantial Shareholders' Interests

The Proposed Bonus Issue will not have any effect on the substantial shareholders' percentage of shareholdings in the Company as the Bonus Shares are pro-rated to all shareholders of the Company. Accordingly, the number of Shares held by each shareholder will be increased proportionately pursuant to the Proposed Bonus Issue.

4.5 Convertible Securities

Asia File has a total of 3,950,800 outstanding ESOS Options as at LPD (inclusive of 1,643,600 Exercisable ESOS Options). The Proposed Bonus Issue will give rise to adjustments to the option price and/or number of options granted under the ESOS. Accordingly, adjustments will be made to the outstanding ESOS Options in accordance with the provisions of the by-laws governing the ESOS.

5. DIRECTORS' AND/OR MAJOR SHAREHOLDERS' INTERESTS

None of the Directors and/or major shareholders and/or persons connected to the Directors and/or major shareholders of Asia File have any interest, either direct or indirect, in the Proposed Bonus Issue beyond their respective entitlements as shareholders of Asia File, for which all shareholders of Asia File are also entitled to.

6. CORPORATE PROPOSALS ANNOUNCED BUT NOT YET COMPLETED

Save for the Proposed Bonus Issue, there are no other outstanding corporate proposals which have been announced to Bursa Securities but not yet completed prior to the printing of this Circular.

7. TENTATIVE TIMELINE FOR THE PROPOSED BONUS ISSUE

The tentative timeline in relation to the Proposed Bonus Issue is as follows:-

Date	Events
29 September 2014	EGM to approve the Proposed Bonus Issue
Mid November 2014	Announcement of the Entitlement Date
December 2014	Entitlement Date
December 2014	Listing of and quotation for the Bonus Shares

Barring unforeseen circumstances, the Board expects the Proposed Bonus Issue to be completed by the end of December 2014.

8. APPROVALS REQUIRED

The Proposed Bonus Issue is subject to the approvals of the following parties:-

- (a) Bursa Securities for the listing of and quotation for the Bonus Shares, whose approval was obtained on 27 August 2014, subject to the following conditions:-

Conditions Imposed	Status of Compliance
(i) Asia File and its adviser must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Bonus Issue;	To be complied
(ii) Asia File and its adviser to inform Bursa Securities upon the completion of the Proposed Bonus Issue;	To be complied
(iii) Asia File to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Bonus Issue is completed; and	To be complied
(iv) Asia File and its adviser are required to make the relevant announcements pursuant to Paragraphs 6.35(2)(a)&(b) and 6.35(4) of the Listing Requirements.	To be complied

- (b) The shareholders of Asia File at an EGM to be convened; and
(c) Any other relevant authorities (where applicable).

The Proposed Bonus Issue is not conditional upon any other corporate exercise undertaken/ to be undertaken by the Company and hence is categorised as a Specified Bonus Issue pursuant to Paragraph 6.01 of the Listing Requirements.

9. SHARE PRICES

The following table sets out the monthly highest and lowest market prices of Asia File's Shares traded on Bursa Securities for the past twelve (12) months ended August 2014:-

	Highest (RM)	Lowest (RM)
Year 2013:-		
September	3.88	3.60
October	4.07	3.84
November	4.41	4.03
December	4.45	4.20
Year 2014:-		
January	5.15	4.27
February	6.50	5.06
March	7.29	6.00
April	7.35	6.69
May	7.22	6.96
June	7.03	6.80
July	7.40	6.98
August	7.60	7.27

(Source: Bloomberg)

The last transacted market price on 5 August 2014 (being the latest practicable date prior to the announcement of the Proposed Bonus Issue) was RM7.36 per Share.

The last transacted market price as at LPD was RM7.30 per Share.

10. DIRECTORS' RECOMMENDATION

The Board, having considered all aspects of the Proposed Bonus Issue, is of the opinion that the Proposed Bonus Issue is in the best interest of the Company.

Accordingly, the Board recommends that you vote in favour of the resolution pertaining to the Proposed Bonus Issue to be tabled at the forthcoming EGM.

11. EGM

The Notice of the EGM of which is enclosed with this Circular, will be held at Merbah 1 Room, Hotel Equatorial, No.1, Jalan Bukit Jambul, 11900 Penang on Monday, 29 September 2014 at 10.30 a.m. or immediately following the conclusion or adjournment of the 20th AGM of the Company, which will be held at the same venue and on the same day at 10.00 a.m. for the purpose of considering the Proposed Bonus Issue contained herein and if thought fit, passing the resolution so as to give effect to the Proposed Bonus Issue.

If you are unable to attend and vote in person at the EGM, you may complete and return the enclosed Proxy Form in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the Registered Office of the Company not less than forty-eight (48) hours before the time stipulated for holding the meeting. The lodging of the Proxy Form will not preclude you from attending and voting in person at the meeting should you subsequently decide to do so.

12. FURTHER INFORMATION

Shareholders are requested to refer to the attached Appendix I for further information.

Yours faithfully,
For and on behalf of the Board of Directors of
ASIA FILE CORPORATION BHD.

LIM SOON HUAT
Non-Independent Executive Chairman

1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that after making all reasonable enquiries, and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. CONSENTS AND CONFLICT OF INTEREST

AmInvestment Bank, being the Adviser for the Proposed Bonus Issue, has given and has not subsequently withdrawn its consent to the inclusion in this Circular of its name and all references to it in the form and context in which they so appear in this Circular.

AmInvestment Bank has also given its written confirmation that it is not aware of any conflict of interest which exists or is likely to exist in its capacity as the Adviser for the Proposed Bonus Issue.

3. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at LPD, neither Asia File nor any of its subsidiaries are engaged in any material litigation, claims and arbitration, either as plaintiff or defendant, which has a material effect on the business or financial position of Asia File and/or its subsidiaries and the Board has no knowledge of any proceeding pending or threatened against Asia File and/or its subsidiaries or of any fact likely to give rise to any proceeding which might materially and adversely affect the business or financial position of Asia File and/or its subsidiaries.

4. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

As at LPD, the Board is not aware of any material commitment and contingent liabilities incurred or known to be incurred by the Asia File Group that has not been provided for, which upon becoming enforceable, may have a material impact on the results or financial position of the Asia File Group.

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of the Company during normal office hours from Monday to Friday (except public holidays) from the date of this Circular up to and including the date of the forthcoming EGM:-

- (a) The Memorandum and Articles of Association of Asia File;
- (b) The audited consolidated financial statements of Asia File for the past two (2) FYE 2013 and FYE 2014 and the unaudited consolidated financial statements for the three (3) months financial period ended 30 June 2014; and
- (c) The letter of consent referred to in Section 2 above.



ASIA FILE CORPORATION BHD.

(Company No.: 313192-P)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Company will be held at Merbah 1 Room, Hotel Equatorial, No.1, Jalan Bukit Jambul, 11900 Penang on Monday, 29 September 2014 at 10.30 a.m. or immediately following the conclusion or adjournment of the 20th Annual General Meeting of the Company, which will be held at the same venue and on the same day at 10.00 a.m. for the purpose of considering and if thought fit, passing with or without modifications the following resolution:-

ORDINARY RESOLUTION

PROPOSED BONUS ISSUE OF UP TO 71,762,460 NEW ORDINARY SHARES OF RM1.00 EACH ("SHARES"), TO BE CREDITED AS FULLY PAID-UP ON THE BASIS OF THREE (3) NEW SHARES FOR EVERY FIVE (5) EXISTING SHARES HELD AT AN ENTITLEMENT DATE TO BE DETERMINED LATER ("PROPOSED BONUS ISSUE")

"**THAT**, subject to the approvals of all relevant authorities and/or parties (where required) for the listing of and quotation for the new Shares to be issued hereunder, authority be and is hereby given to the Board of Directors of the Company ("**Board**") to capitalise a sum of up to RM71,762,460 from the Company's share premium and retained earnings accounts by way of a bonus issue and that the same be applied in making payment in full at par of up to 71,762,460 new Shares in the share capital of the Company;

AND THAT such new Shares be distributed and credited as fully paid-up to the registered shareholders of the Company whose names appear in the Record of Depositors of the Company at the close of business on a date to be determined by the Board on the basis of three (3) new Shares for every five (5) existing Shares held then by such shareholders on that date;

AND THAT fractional entitlements, if any, will be disregarded and dealt with in such manner as the Board in their discretion think expedient and in the interest of the Company;

AND THAT such new Shares shall, upon allotment and issuance, rank pari passu in all respects with the existing Shares of the Company upon listing;

AND THAT the Board be and is hereby authorised to sign and execute all documents, and do all acts and things as may be required for or in connection with and to give effect to, and to implement the Proposed Bonus Issue with full power to amend and/or assent or comply with any conditions, modifications, variations and/or amendments in any manner as may be required or imposed by the relevant authorities and/or parties."

By Order of the Board

TAI YIT CHAN (MAICSA 7009143)
ONG TZE-EN (MAICSA 7026537)
Joint Company Secretaries

Penang, 5 September 2014

Notes:-

1. *A Member may appoint up to 2 proxies to attend on the same occasion. A proxy may but need not be a Member of the Company and a Member may appoint any person to be his proxy. 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 authorised nominee as defined under Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint up to two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
3. *Where a Member of the Company is an exempt authorised nominee which hold ordinary shares in the Company for multiple beneficial owner 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.*
An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
4. *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.*
5. *For a proxy to be valid, the Proxy Form duly completed must be deposited at the Registered Office of the Company at Suite 16-1 (Penthouse Upper), Menara Penang Garden, 42A, Jalan Sultan Ahmad Shah, 10050 Penang, Malaysia not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.*
6. *In respect of deposited securities, only a Depositor whose name appears on the Record of Depositors on 22 September 2014 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy to attend and/or vote in his/her behalf.*

ASIA FILE CORPORATION BHD. (313192-P)

PROXY FORM

CDS Account No.	
No. of Shares Held	

I/We, _____
(Full Name in Block Letters)

of _____
(Address)

being a member/members of the above Company hereby appoint _____
(Full Name in Block Letters)

of _____
(Address)

or failing him, _____
(Full Name in Block Letters)

of _____
(Address)

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 Extraordinary General Meeting of the Company to be held at Merbah 1 Room, Hotel Equatorial, No.1, Jalan Bukit Jambul, 11900 Penang on Monday, 29 September 2014 at 10.30 a.m. or immediately following the conclusion or adjournment of the 20th Annual General Meeting of the Company, which will be held at the same venue and on the same day at 10.00 a.m. and at any adjournment thereof in the manner indicated below:-

ORDINARY RESOLUTION	FOR	AGAINST
Proposed Bonus Issue		

(Please indicate with an "X" in the appropriate space how you wish your vote to be cast. If no specific as to voting is given, the proxy will vote or abstain at his discretion.)

Signed thisday of September, 2014.

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 may but need not be a Member of the Company and a Member may appoint any person to be his proxy. 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 authorised nominee as defined under Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint up to two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
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AFFIX
POSTAGE
STAMP

The Company Secretary
Asia File Corporation Bhd. (313192-P)
Suite 16-1 (Penthouse Upper)
Menara Penang Garden
42A, Jalan Sultan Ahmad Shah
10050 Penang

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