

## ASIA FILE CORPORATION BHD (313192-P) (“ASIA FILE” OR “THE COMPANY”)

**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**

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### 1. INTRODUCTION

On behalf of the Board of Directors of Asia File (“**Board**”), AmInvestment Bank Berhad (“**AmInvestment Bank**”), wishes to announce that the Company is proposing a bonus issue of up to 71,762,460 new Shares (“**Bonus 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**”).

### 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 at an entitlement date to be determined later (“**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 1 August 2014, being the latest practicable date prior to this announcement (“**LPD**”) of RM117,760,550 comprising 117,760,550 Shares after deducting 400,100 Shares retained as treasury shares; and
- (ii) assuming full exercise of outstanding exercisable options under Asia File’s Employees’ Share Option Scheme (“**ESOS**”) as at LPD (“**ESOS Options**”).

The Company has 4,150,750 outstanding ESOS Options of which 1,843,550 outstanding ESOS Options are exercisable as at LPD (“**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.

For illustrative purposes, the effects of the Proposed Bonus Issue as disclosed in this announcement shall be based on the following two (2) scenarios:-

- Minimum Scenario : Assuming none of the Exercisable ESOS Options are exercised prior to the Entitlement Date; and
- Maximum Scenario : Assuming all the Exercisable ESOS Options are exercised prior to the Entitlement Date.

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.

An illustration of the proposed capitalisation for the Proposed Bonus Issue based on latest audited financial statements of Asia File for the financial year ended ("FYE") 31 March 2014 at the Company level, after taking into consideration the events subsequent to the FYE 31 March 2014 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 <sup>(1)</sup>	-	40,407	40,407	-	40,407	40,407
- ESOS Options exercised <sup>(2)</sup>	4,456,468	-	4,456,468	4,456,468	-	4,456,468
- Share premium arising from the full exercise of Exercisable ESOS Options <sup>(3)</sup>	-	-	-	5,330,109	-	5,330,109
- Proposed final dividend <sup>(4)</sup>	-	(15,897,674)	(15,897,674)	-	(16,146,554)	(16,146,554)
Capitalisation pursuant to the Proposed Bonus Issue	(23,826,885)	(46,829,445)	(70,656,330)	(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)
<b>After the Proposed Bonus Issue</b>	<b>-</b>	<b>18,461,242</b>	<b>18,461,242</b>	<b>-</b>	<b>22,436,341</b>	<b>22,436,341</b>

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 1,427,820 ESOS Options at exercise prices ranging from RM3.10 to RM4.11 per Share from 1 April 2014 to LPD.
- (3) Assuming 1,843,550 Exercisable ESOS Options are exercised at exercise prices ranging from RM3.10 to RM4.11 per Share.
- (4) The proposed final single tier dividend of 13.5% in respect of the FYE 31 March 2014 as announced on 29 May 2014 which is subject to shareholders' approval at the Company's forthcoming Annual General Meeting. The Bonus Shares will not be entitled to the final dividend as the Entitlement Date for the Bonus Shares will be determined after the entitlement date for the final dividend.

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 31 March 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

The Company will make an application to Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for the listing of and quotation for the Bonus Shares.

## 3. RATIONALE FOR THE PROPOSED BONUS ISSUE

The Proposed Bonus Issue will increase the capital base of the Company to a level which will better reflect the current scale of operations of Asia File and its subsidiaries (“**Asia File Group**” or the “**Group**”). In addition, the Proposed Bonus Issue will also serve to reward the shareholders of the Company for their continuing support, by enabling them to have greater participation in the equity of the Company in terms of the increased number of Shares held whilst maintaining their equity interests.

## 4. SUMMARY OF THE 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
<b><u>Issued and Paid-up Share Capital</u></b>				
Issued and paid-up share capital as at LPD	118,160,650	118,160,650	118,160,650	118,160,650
Less: Treasury shares as at LPD	(400,100)	(400,100)	(400,100)	(400,100)
	117,760,550	117,760,550	117,760,550	117,760,550
Assuming full exercise of the Exercisable ESOS Options	-	-	1,843,550	1,843,550
	117,760,550	117,760,550	119,604,100	119,604,100
To be issued pursuant to the Proposed Bonus Issue	70,656,330	70,656,330	71,762,460	71,762,460
<b>Enlarged issued and paid-up share capital after the Proposed Bonus Issue (net of treasury shares)</b>	<b>188,416,880</b>	<b>188,416,880</b>	<b>191,366,560</b>	<b>191,366,560</b>

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 financial year ending 31 March 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.

## 4.3 Net Assets and Gearing

The proforma effects of the Proposed Bonus Issue on the net assets 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 31 March 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
<b><u>Group level</u></b>			
Share capital	116,733	<sup>(a)</sup> 118,161	188,817
Translation reserve	7,487	7,487	7,487
Share premium	19,723	<sup>(a)</sup> 24,179	352
Share options reserve	3,478	<sup>(a) (b)</sup> 2,464	2,464
Retained earnings	290,207	<sup>(b) (c)</sup> 274,350	<sup>(d)</sup> 227,370
Treasury shares	(1,845)	<sup>(e)</sup> (1,845)	(1,845)
<b>Shareholders' funds/ Net assets</b>	<b>435,783</b>	<b>424,796</b>	<b>424,645</b>
No. of Shares in issue (RM'000)	<sup>(f)</sup> 116,333	<sup>(g)</sup> 117,761	<sup>(g)</sup> 188,417
Net assets 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 1,427,820 ESOS Options at exercise prices ranging from RM3.10 to RM4.11 per Share from 1 April 2014 to LPD.
- (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 13.5% in respect of the FYE 31 March 2014 as announced on 29 May 2014 which is subject to shareholders' approval at the Company's forthcoming Annual General Meeting. The Bonus Shares will not be entitled to the final dividend as the Entitlement Date for the Bonus Shares will be determined after the entitlement date for the final dividend.
- (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 6 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
<b>Group level</b>			
Share capital	116,733	<sup>(a)</sup> 120,004	191,767
Translation reserve	7,487	7,487	7,487
Share premium	19,723	<sup>(a)</sup> 29,509	352
Share options reserve	3,478	<sup>(a) (b)</sup> 1,380	1,380
Retained earnings	290,207	<sup>(b) (c)</sup> 274,101	<sup>(d)</sup> 231,346
Treasury shares	(1,845)	<sup>(e)</sup> (1,845)	(1,845)
<b>Shareholders' funds/ Net assets</b>	<b>435,783</b>	<b>430,636</b>	<b>430,487</b>
No. of Shares in issue (RM'000)	<sup>(f)</sup> 116,333	<sup>(g)</sup> 119,604	<sup>(g)</sup> 191,367
Net assets 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 1,427,820 ESOS Options at exercise prices ranging from RM3.10 to RM4.11 per Share from 1 April 2014 to LPD; and
- (ii) Assuming 1,843,550 Exercisable ESOS Options are exercised at exercise prices ranging from RM3.10 to RM4.11 per Share.
- (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 13.5% in respect of the FYE 31 March 2014 as announced on 29 May 2014 which is subject to shareholders' approval at the Company's forthcoming Annual General Meeting. The Bonus Shares will not be entitled to the final dividend as the Entitlement Date for the Bonus Shares will be determined after the entitlement date for the final dividend.
- (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 6 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 4,150,750 outstanding ESOS Options as at LPD (inclusive of 1,843,550 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. Any adjustment which is required will be made in accordance with the provisions of the by-laws governing the ESOS.

**5. 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;
- (b) The shareholders of Asia File at an Extraordinary General Meeting to be convened; and
- (c) Any other relevant authorities (where applicable).

**6. DIRECTORS' AND 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.

**7. DIRECTORS' STATEMENT**

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

**8. APPLICATION TO THE RELEVANT AUTHORITIES**

An application to the relevant authorities seeking approval for the Proposed Bonus Issue is expected to be made within three (3) months from the date of this announcement.

**9. ADVISER**

AmInvestment Bank has been appointed to act as the Adviser to the Company for the Proposed Bonus Issue.

**10. ESTIMATED TIMEFRAME FOR COMPLETION**

The Proposed Bonus Issue is expected to be completed by the third quarter of the financial year ending 31 March 2015.

This announcement is dated 6 August 2014.