

ASIA FILE CORPORATION BHD
- Proposed Acquisition of Business and Assets

We refer to our earlier announcement dated 19 September 2011 (“First Announcement”) and Bursa Malaysia letter dated 20 September 2011 in relation to the above proposed acquisition. Unless otherwise stated, the defined terms used in this announcement shall carry the same meaning as defined in the First Announcement.

1) The salient terms of the Agreement

All major salient terms of the Agreement have been disclosed in the First Announcement and subsequently in this announcement.

2) The details of Vendor including its directors and major shareholders together with their respective shareholdings;

The name of the Vendor is DS Smith Paper Limited, an indirect but wholly owned subsidiary of DS Smith Plc, a company listed on the London Stock Exchange.

The directors of the Vendor are M.W. Roberts, S.W. Dryden, M.P. Jowett, G.E. Saunders and C.R. Rosser.

3) The total purchase consideration in RM equivalent

RM 22.4 million.

4) Clarification on whether the consideration for the Business of GBP 4,611,889 is the Net Assets of the Business as at 30 April 2011 and after incorporating the carrying value /net book value of the Asset as at that date. If otherwise, to quantify the purchase consideration of the Assets (in GBP and RM equivalent) together with the basis to arrive at thereof;

The consideration of GBP 4,611,889 is paid for the Assets acquired based on the management accounts as at 30 April 2011 in accordance to the pre agreed value of the Property and Assets. The consideration will be adjusted accordingly on completion on 30 September 2011.

The basis to arrive at the above consideration amount is based on commercial factors mutually agreed by both Trissi and Vendor.

5) The Net Profits attributable to the Business based on the latest audited accounts and latest management accounts respectively;

The Business to be acquired form only part of the business activities of the consolidated accounts of the Vendor. As a result, only management accounts were available. The Business recorded a net loss of GBP 311,000 (RM 1.508 million) based on the management account as at 30 April 2011.

6) Detail information on the Freehold Land and Building pursuant to Part C, Appendix 10A, of the Main Market Listing Requirement;

The Property is situated at Higher and Lower Kings Mill, Kings Mill Road, Cullompton, Devon, the United Kingdom.

The freehold land covers an area of approximately 566,280 square feet, comprising a paper mill building originally built in the late 1800's which have been progressively developed over the years up to 2000 by adding modern manufacturing, warehousing, and office facilities with an area of approximately 89,318 square feet.

The Property is freehold and free from any encumbrances. Based on the management accounts as at 30 April 2011, the net book value of the Property is approximately GBP 1.959 million (RM 9.5 million).

Save for the above, information on the age of the building is not available and there was no valuation done on the freehold land and building.

7) The particulars of liabilities, including contingent liabilities and guarantees to be assumed by the Company arising from the proposed acquisitions;

AFC will be acting as the guarantor to the Vendor to guarantee the performance of obligations by Trissi in relation to the Acquisition agreement and other ancillary agreements up to the maximum amount of GBP 3 million (RM 14.55 million) for a period of up to six years. No other liabilities will be assumed by AFC arising from the Acquisitions.

8) Whether the proposed acquisition is subject to the shareholders' approval and the relevant regulatory authorities and the expected timeframe to submit the application to the authorities;

The proposed Acquisitions will not subject to shareholders' approval and the relevant regulatory authorities.

9) The risks in relation to the proposed acquisitions

The Board does not foresee any material risk pursuant to the Acquisition except for the followings :-

- a) economic risk in view of the slowing of global economy, including of that in Europe and the United Kingdom;
- b) inherent risk factor associated with the paper converting business such as stringent environmental compliance requirement.