

## **General Announcement**

Reference No **CC-100726-67722**

Company Name : **ASIA FILE CORPORATION BHD**  
Stock Name : **ASIAFLE**  
Date Announced : **26/07/2010**

Type : Reply to query  
Reply to Bursa : NE-100726-41887  
Malaysia's Query  
Letter - Reference  
ID

Subject : ASIA FILE CORPORATION BERHAD (“Asia File” or “the Company”)  
- REPLY TO QUERY ON THE WRIT OF SEIZURE AND SALE FROM MR KALIDASON A/L RAMOO ("PLANTIFF") ON ASIA FILE PRODUCTS SDN BHD (“AFP”) (“WRIT”)

Contents : We refer to our announcement dated 23 July 2010 (“First Announcement”) and Bursa Malaysia’s query letter dated 26 July 2010 in relation to the Writ. Unless otherwise stated, the defined terms used in this announcement shall carry the same meaning as defined in the said First Announcement.

Query Letter content : We refer to your Company's announcement dated 23 July 2010, in respect of the aforesaid matter.

In this connection, kindly furnish Bursa Malaysia Securities Berhad ("Bursa Securities") with the following additional information for public release :-

Nature of relationship between the Applicant and the said property;  
Basis in deriving at RM217.7 million as claimed by the Applicant;  
Date of presentation of the Writ;  
Details information in relation to the Writ;  
A confirmation as to whether AFP is a major subsidiary;  
The cost of investment of your Company in AFP;  
The financial and operational impact of the Writ on your Group;  
The expected losses, if any arising from the Writ; and  
The steps taken or proposed to be taken by your Company in respect of the Writ.

Please furnish Bursa Securities with your reply within one (1) market day from the date hereof.

Yours faithfully

HENG TECK HENG  
Senior Manager, Issuers  
Listing Division  
Regulation

HTH/NAE  
c.c. General Manager & Head, Market Surveillance, Securities  
Commission (via  
fax)

Announcement Details :

In this respect, the Company wishes to provide the following additional information:-

- 1) In accordance with the letter AFP received from the Plaintiff's lawyer, Albert & Co. dated 20 January 2010, it was stated that the Plaintiff had entered into a Sale and Purchase agreement with Evergreen Import and Export (M) Sdn Bhd for the sale of the said Property. As neither AFP nor the Company is a party to the said Agreement, we are not able to confirm or verify the relationship between the Plaintiff and the said Property.
- 2) The claimed amount of RM 217.7 million when compared to the total purchase cost of the property of RM 4,600,000, was baseless and frivolous and has been wrongly directed to AFP. The details extracted from the Statement of Claim filed by the Plaintiff's lawyer, Albert & Co. are as appended:-

(a)	Deposit paid by Plaintiff to Evergreen Import and Export (M) Sdn Bhd	RM3,400,000.00
(b)	Legal fees paid to Messrs K.Vijayanathan	RM300,000.00
(c)	Loss of property due to negligence of the Defendant	RM23,000,000.00
(d)	Plaintiff cannot use the property due to negligence of the Defendant	RM10,000,000.00
(e)	Defendant purchased the property below market price	RM10,000,000.00
(f)	Plaintiff's reputation has been tainted	RM10,000,000.00
(g)	Plaintiff has suffered losses as he is not able to rent the property and collect management fees	RM66,000,000.00
(h)	RHB Bank Berhad, KPMG Corporate Services Sdn Bhd and Defendant conspire to sell the property	RM10,000,000.00
(i)	Defendant does not allow the Plaintiff to enter the property by placing guards to prevent the Plaintiff from entering the property	RM10,000,000.00
(j)	Defendant has entered into the property before the signing of the Sale and Purchase Agreement and had caused damage to the property	RM75,000,000.00
	Total Loss	RM217,700,000.00

- 3) The Writ of Seizure and Sales was dated 13 July 2010 and AFP was informed about the Writ on 23 July 2010.
- 4) In the morning of 23 July 2010, AFP was informed by the Sheriff of the High Court of Malaya at Taiping, Perak ("Honorable Court") that a Writ of Seizure and Sale dated 13 July 2010 would be executed on AFP by virtue of a Judgment in Default entered on 18 May 2010 against AFP.

The Company and AFP had never received any Writ of Summons and Statement of Claim and also the Judgment in Default of Appearance pertaining to this suit.

AFP had via its solicitors conducted a file search on 23 July 2010 in the Honorable Court in order to obtain the relevant information pertaining to the service of the Writ of Summons and Statement of Claim.

The Writ dated 13 July 2010 was issued based on a Judgment in Default of Appearance. We are of the opinion that the Judgment in Default of Appearance was irregularly entered on 18 May 2010 and must be set aside *'ex debito justitiae'*.

The Company wishes to reiterate its affirmative stand that :-

- i) AFP has never been served with the Writ of Summons and Statement of Claim and also the sealed copy of the Judgement in default of Appearance;
  - ii) AFP never has any dealings with the Plaintiff at any point of time; and
  - iii) The purchase of the property located at Lot No 1309 held under Geran Mukim No GM 912, Mukim 14, District of Seberang Prai Tengah ("the said Property") was concluded through proper and legal manner, i.e. via participation in a tender held by KPMG Corporate Services Sdn Bhd who acts in the capacity as the receiver on behalf of RHB Bank Berhad.
- 5) AFP is not a major subsidiary of the Company.
  - 6) The cost of investment of Asia File in AFP is RM 12.56 million.
  - 7) The financial and operational impact of the Writ on the Group is expected to be immaterial as the Company is confident of a positive outcome of the court hearing fixed on 11 August 2010.
  - 8) The expected loss, arising from the Writ is expected to be immaterial as the Company is confident of a positive outcome of the court hearing fixed on 11 August 2010.
  - 9) AFP has filed the following applications in the Taiping High Court on 26 July 2010:-
    - a) Application to strike out / stay the execution of the writ of seizure and sale; and
    - b) Application to set aside the judgement in default of appearance

AFP has successfully been granted a stay of the execution of the writ of seizure and sale on 26 July 2010 pending the outcome of the court hearing on the above applications. The date of the hearing in respect of the Application to strike out/stay the execution of the writ of seizure and sale is fixed on 11 August 2010 and it is expected that the Application to set aside the judgement in default of appearance can also be heard on the same day.

The Company wishes to stress its confidence of a positive outcome of the court hearing.

This announcement is dated 26 July 2010.