

Notice of Eleventh Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Eleventh Annual General Meeting of AIC Corporation Berhad (“AIC” or “the Company”) will be held at Caymans 1&2, Level 10, Sunway Lagoon Resort Hotel, Persiaran Lagoon, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 22 May 2001 at 10.00 a.m. for the following purposes:

AGENDA

ORDINARY BUSINESS

1. To receive and adopt the Audited Accounts for the year ended 31 December 2000 together with the Directors' and Auditors' Reports thereon.
2. To declare a First and Final Tax-Exempt Dividend of 4% for the year ended 31 December 2000.
3. To approve the payment of Directors' fees of RM36,000.00 for the year ended 31 December 2000.
4. To re-elect the following Directors who are retiring in accordance with Article 101 of the Company's Articles of Association:-
 - 4.1 Y. Bhg. Datuk Haji Sarip bin Hamid
 - 4.2 Y. Bhg. Prof. Madya Dato' Haji Mohd Mokhtar bin Haji Shafii
5. To re-appoint Messrs KPMG as the Company's Auditors and to authorise the Board of Directors to fix their remuneration.

6. AS SPECIAL BUSINESS

To consider and, if thought fit, pass with or without modifications, the following resolutions as Ordinary and Special Resolutions:-

i) Proposed Purchase of Own Shares

“**THAT**, subject to the compliance with all applicable laws, regulations and guidelines issued by the relevant authorities, approval be and is hereby given to the Company to purchase on the Kuala Lumpur Stock Exchange and/or hold up to such number of ordinary shares of RM1.00 each in the Company as shall represent ten per centum (10%) of the issued and paid-up ordinary share capital of the Company at any point in time and to utilise an amount not exceeding the sum of retained profits and share premium of the Company for such purpose (as at 31 December 2000, the Company's retained profits and share premium reserves are RM9,183,000 and RM37,383,000 respectively) **AND THAT** the shares of the Company to be purchased are proposed to be retained and distributed as dividends or resold and/or subsequently cancelled **AND THAT** such authority shall commence upon the passing of this resolution until the conclusion of the next annual general meeting of the Company unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions or revoke or varied by ordinary resolution passed by the shareholders in a general meeting or the expiration of the period within which the next annual general meeting is required by law to be held, whichever occurs first **AND THAT** authority be and is hereby given to the Directors of the Company to take all such steps as are necessary (including the opening and maintaining of a central depositories account under the Securities Industry (Central Depositories) Act, 1991) and entering into all other agreements, arrangements and guarantees with any party or parties to implement, finalise **AND THAT** to give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and/or to do all such acts and things as the said Directors may deem fit and expedient in the best interest of the Company.”

ii) Authority to allot and issue shares in general pursuant to Section 132D of the Companies Act, 1965

“**THAT**, subject always to the approvals of the relevant authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965, to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion

(Ordinary Resolution 1)

(Ordinary Resolution 2)

(Ordinary Resolution 3)

(Ordinary Resolution 4)

(Ordinary Resolution 5)

(Ordinary Resolution 6)

(Ordinary Resolution 7)

Notice of Eleventh Annual General Meeting

(continue)

deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the total issued share capital of the Company at the time of issue and the Directors are hereby further empowered to obtain approval for the listing of and the quotation for the additional shares so issued on the Kuala Lumpur Stock Exchange and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.”

(Ordinary Resolution 8)

iii) Proposed Amendments to the Articles of Association

“**THAT**, the deletions, alterations, modifications, variations and additions to the Articles of Association of the Company as set out in Appendix 1 of the Circular to Shareholders dated 25 April 2001 be and are hereby approved.”

(Special Resolution 1)

7. To transact any other business of the Company of which due notice shall have been given in accordance with the Companies Act, 1965 and the Company's Articles of Association.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT a First and Final Tax-Exempt Dividend of 4% in respect of the financial year ended 31 December 2000 will be payable on 17 July 2001 to depositors registered in the Records of Depositors at the close of business on 18 June 2001.

A Depositor shall qualify for entitlement only in respect of:-

- a) Shares transferred to the Depositor's Securities account before 12.30 p.m. on 18 June 2001 in respect of ordinary transfers; and
- b) Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

BY ORDER OF THE BOARD

LIM PHOOI KEE
NG YIM KONG
CHEN HENG MUN
Company Secretaries

Shah Alam
25 April 2001

NOTES:

1. A member of the Company entitled to present and to vote at the Eleventh Annual General Meeting is entitled to appoint a proxy/proxies, to attend and vote instead of him. A proxy may but need not be a member of the Company and need not be an advocate, an approved company auditor or a person appointed by the Registrar of Companies.
2. Where a member appoints two or more proxies, the appointments shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy must be deposited at 10th Floor-Tower Block, Kompleks Antarabangsa, Jalan Sultan Ismail, 50250 Kuala Lumpur, at least forty-eight (48) hours before the time set for holding the Meeting or any adjournment thereof.

Explanatory notes on special business of the Agenda

Item 6(i) and 6 (iii)

For further information on the Proposed Amendments to the Articles of Association and Proposed Purchase of Own Shares, please refer to the Circular to Shareholders dated 25 April 2001 enclosed together with the Company's Annual Report 2000.

Item 6(ii)

The Ordinary Resolution proposed under item 6(ii) is in line with the Company's expansion plan which may involve the issue of new shares. Under Section 132D of the Companies Act, 1965, the Directors would have to call for a general meeting to approve the issue of new shares even though the number of shares involved is less than 10% of the issued share capital of the Company for the time being. In order to avoid any delay and costs involved in convening a general meeting, it is thus considered appropriate to seek the shareholders' approval for Directors of the Company to issue shares in the Company up to an aggregate amount of not exceeding 10% of the issued share capital of the Company for the time being for such purposes as they consider would be in the best interest of the Company and also to empower Directors to obtain approval from the Kuala Lumpur Stock Exchange for the listing of and quotation for additional shares issued. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

Audit Committee

COMPOSITION AND TERMS OF REFERENCE

MEMBERS OF THE AUDIT COMMITTEE (“COMMITTEE”)

Y. Bhg. Prof. Madya Dato’ Haji Mohd. Mokhtar bin Haji Shafii

~ Committee Chairman, Independent and Non-Executive Director

Y. Bhg. Datuk Haji Sarip bin Hamid ~ Executive Chairman

Encik Mamat @ Mohamed bin Hussain ~ Independent and Non-Executive Director

TERMS OF REFERENCE

PRIMARY PURPOSES

The Committee shall:

- a) Provide assistance to the Board of Directors (“Board”) in fulfilling its fiduciary responsibilities relating to the corporate accounting and reporting practices of AIC Corporation Berhad and the Group.
- b) Improve the Group’s business efficiency, the quality of the accounting and audit function and strengthen the confidence of the public in the Group’s reported results.
- c) Maintain, through regularly scheduled meetings, a direct line of communication between the Board and the external auditors as well as internal auditors.
- d) Avail to the external and internal auditors as a private and confidential audience at any time they desire and request through the Committee Chairman, with or without the prior knowledge of Management.
- e) Act upon the Board’s request to investigate and report on any issues or concerns with regard to the Management of the Group.

MEMBERSHIP

The Committee shall be appointed by the Board from amongst its directors and shall be composed of no fewer than 3 members, the majority of whom shall be independent directors or independent of senior management and operating executive and unencumbered by any relationships that might, in the opinion of the Board be considered to be a conflict of interest.

The members of the committee shall elect a Chairman from among their number who shall be an independent and non-executive director.

AUTHORITY

The Committee is authorised by the Board:

- a) to investigate any matter within its terms of reference;
- b) to request with full and unrestricted access to any information it seeks as relevant to its activities from any employees of the Company or the Group and all employees are directed to co-operate with any request made by the Committee.
- c) to seek and accept independent professional advice and to secure the attendance of outsiders with relevant experience and expertise as it considers necessary.

FUNCTIONS

The Committee shall review, appraise and report to the Board on:

- a) The charter of the Internal Audit Function and their work.
- b) The adequacy and effectiveness of the entire accounting and internal control systems and the efficiency of the Group’s operations.

tee Audit Committee (continue)

- c) The propriety of accounting policies adopted by Management and accepted by the external auditors, where alternatives are also acceptable.
- d) The adequacy of the audit scope and plans of both the external auditors and the internal auditors to ascertain that it will meet the needs of the Board, the shareholders and regulatory authorities.
- e) The adequacy and effectiveness of management's response and actions taken on audit and review reports.
- f) The quarterly results and year end financial statements and the adequacy of the disclosure of information essential to a fair and full presentation of the financial affairs of the Group considering the requirements of the Companies Act, 1965, Malaysian Accounting Standards Board ("MASB"), the Kuala Lumpur Stock Exchange ("KLSE") and any other statutory authorities for recommendation to the Board for approval.
- g) Any significant difficulties encountered or material discoveries / weaknesses reported by the external auditors or the internal auditors.
- h) The effects of any changes in accounting principles or of any developments emanating from the accounting profession or any statutory authorities.
- i) The monitoring of inter-company transactions and any related interested party transactions and conflict of interest situation that may arise within the Company or the Group.
- j) The assistance given by the Group's officers to the external auditors and the internal auditors.
- k) The firm of the external auditors retained by the Group, and the Committee's recommendation to retain or replace such firm in the ensuing year.
- l) Any other function that may be mutually agreed upon by the Committee and the Board which would be beneficial to the Company and ensure the effective discharge of the Committee's duties and responsibilities.

MEETINGS

A minimum of four meetings per year is planned, although additional meetings may be called at any time at the Committee Chairman's discretion. An agenda shall be sent to all members of the Committee and any other persons who may be required to attend.

In addition to the Committee members, the President, Senior Vice President - Group Corporate Services, Vice President - Finance & Accounting and Group Internal Audit Manager are invited for attendance at each meeting. Representatives of the external auditors are also invited from time to time to brief the Committee on related audit matters.

The details of attendance at the Audit Committee meetings in Year 2000:-

Date of meeting	Total Committee Members	Attendance by Committee Members (Percentage Attendance)	
		Independent	Non Independent
1. 27 January 2000	3	2 (100%)	1 (100%)
2. 04 May 2000	3	2 (100%)	1 (100%)
3. 08 June 2000	3	2 (100%)	1 (100%)
4. 04 August 2000	3	2 (100%)	1 (100%)
5. 24 August 2000	3	2 (100%)	1 (100%)
6. 13 November 2000	3	2 (100%)	1 (100%)

Audit Committee (continue)

The Committee shall discuss the audit reports completed by the Group Internal Audit Department. The Committee had also invited the external auditors to brief on the audit plans and matters highlighted from their audits.

The principal business of these meetings shall be:

a) Meeting with the Internal Audit Department

- to review and approve the proposed internal audit plan and programmes;
- to review and approve changes to the internal audit plan;
- to monitor the implementation of the internal audit plan;
- to review and evaluate the effectiveness of the Group's internal audit procedures;
- to consider the findings of the Internal Auditors, obtain necessary explanations from management where deemed necessary and make recommendations to the Board as appropriate;
- to ensure that the Internal Audit Department is adequately resourced and has appropriate standing within the Group.

b) Before the release of the interim financial statements

- to review the interim financial statements for adequate and appropriate disclosures;
- to discuss the impact of any changes in accounting or financial reporting policies, significant adjustments, significant or unusual transactions and the going concern assumption.

c) Before commencement of the annual statutory audit

- to discuss in general terms the external audit plan to ascertain that adequate tests to verify the accounts and procedures of the Group will be performed and ensure coordination where more than one audit firm is involved;
- to discuss the impact of any proposed changes in accounting policies on the financial statements;
- to review the fees proposed for the audit work to be performed.

d) After the completion of the annual statutory audit

- to review the results and findings of the audit, the adequacy of accounting, financial and operating controls, and to monitor the implementation of any recommendations made;
- to review the draft financial statements and the audit report, and any significant adjustments required as a result of the audit, significant or unusual transactions and make the necessary recommendation to the Board for the approval of the accounts;
- to review the nature and impact of any changes in accounting policies adopted by the Group during the year;
- to review the going concern assumption.

ACTIVITIES DURING THE YEAR

The Committee through the Group Internal Audit Department ("IAD") has carried out the above functions in the areas as follows:-

- a) Review the accounting and internal control systems of companies in the Semiconductor, Metal and Electronics Divisions (combination of former Automotive and Plastic Division) to ensure effectiveness and reliability in the preparation of financial statements. The systems documentation has also been reviewed and updated to ensure completeness and effective functioning of all required internal controls.

Audit Committee (continue)

During the year, at the request of the Board, the Committee through IAD had carried out an investigation audit to address certain weaknesses in the transportation services system for staffs of a subsidiary in the Semiconductor Division. Recommendations were made by the Committee to the Divisional Executive Committee to implement the corrective measures proposed.

- b) Review with the external auditor on audit strategy and plan for the statutory audits of the Group accounts for the half year and year ended 30 June 2000 and 31 December 2000 respectively.
- c) Review the annual Internal Audit work-plans and reports to ensure the scope of work and conclusions of reports are adequate to assist the Committee to appraise and report to the Divisional Executive Committees and the Board on the financial affairs of the Group.

During the year, at the request of the Board, the Committee through IAD had performed due diligence reviews in relation to the acquisitions of:

- an e-commerce business company in January 2000; and
- a group of companies involved in consumer and industrial related manufacturing and trading businesses in May 2000.

The former acquisition was completed in January 2000 whilst the latter was not implemented with mutual consensus with the vendor in August 2000.

In addition, IAD as authorised by the Committee had also attended several stock-counts on a surprise basis on certain companies within the Group as an additional independent observer for the stock-counts.

- d) Review the presentation of the financial statements of the Group with the external auditors to ensure adequacy of disclosure of information essential to a fair and full presentation of the financial affairs of the Group for recommendation to the Board for approval.
- e) Review the adequacy and effectiveness of the Management's response and authorise the Management to implement the recommendations proposed by IAD and external auditors through the Management Letters raised.
- f) Review the computer software licensing of all the companies within the Group to ensure that the software program in custody / purchased are original, authentically licensed and conform to Copyright Act 1987 and Trade Description Act 1972 Rules and Regulation.
- g) Review the operating / business licenses issued by the respective Municipal Councils, Ministry of International Trade and Industry and Royal Malaysian Custom for all the manufacturing companies within the Group to ensure compliance with the relevant statutory Rules and Regulations.
- h) Review the inter-company transactions and any related / interested party transactions that may arise within the Company and the Group in compliance with MASB, KLSE Listing Requirements and other relevant statutory authorities.

Corporate Governance

KLSE CORPORATE AWARD 2000

Your Group has been awarded Kuala Lumpur Stock Exchange (“KLSE”) Corporate Sectoral Award 2000 in the Second Board under Technology Category which acknowledged:

- a) Its close compliance with the KLSE Listing Requirements;
- b) Its excellence in Corporate Conduct;
- c) Its establishment and preparation toward high level of accountability and responsibility to the shareholders and investors; and
- d) Its good corporate governance practices.

BEST PRACTICES IN CORPORATE GOVERNANCE

Pursuant to the adoption of the Code of Best Practices in Corporate Governance (“the Code”) contained in the Report on Corporate Governance by the High Level Finance Committee appointed by the Ministry of Finance, Malaysia and the introduction by KLSE of various guidelines in relation to corporate governance, your Board took further steps to strengthen and enhance corporate governance measures within the Group.

Generally, apart from the Board of Directors (“Board”), the Malaysian Institute of Corporate Governance (“MICG”) also recommended the establishment of Audit Committee, Corporate Governance (“CG”) Committee, Nomination Committee and also Remuneration Committee. Your Board has already implemented an effective Audit Committee since 1996 and established a CG Committee in year 2000.

Your Board is presently engaging professional consultants in the related field to study, formulate and recommend the necessary structure, policies and performance appraisal for the establishment of Nomination Committee and the Remuneration Committee. We anticipate that this exercise will be completed by middle of this year by your Board and these will comply with the recommendations of the Code and in line with paragraph 15.26 of KLSE Listing Requirements.

Some of the following principles/measures had been implemented:-

DIRECTORS

The Board meets regularly and retains full and effective control and responsibility over the Group. It has a schedule of matters specifically reserved to it for decision and has delegated authority to board committees on other specific matters.

- a) The Board consists of two executive and three non-executive directors. Two out of three non-executive directors are considered to be independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.
- b) The Board is supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties and responsibilities. At each Board meeting, the President presents a report on the activities, strategic planning and direction of the Group whilst the Vice President, Finance & Accounting reports on the financial performance of the Group.
- c) All directors submit themselves for re-election at regular interval. One-third of the Board or, if their number is not multiple of three, the number nearest to one-third with a minimum of one, shall retire from office at each annual general meeting and an election of directors shall take place. Each director shall retire once in every three years but shall be eligible for re-election in accordance with the Articles of Association of the Company.

Corporate Governance (continue)

DIRECTORS' REMUNERATION

- a) The Board through Remuneration Committee will be responsible for approving remuneration packages needed to attract, retain and motivate the directors of the required quality. An interim Remuneration Committee at present consists of one independent non-executive director as the Chairman of the Remuneration Committee, one representative of the Board, one independent party and two senior management staffs i.e. Vice President, Finance and Accounting and General Manager, Group Human Resource.

The Remuneration Committee will, upon its establishment, deliberate and decide on:

- all policies and issues arising from the implementation of the remuneration strategies and reward plan; and
 - the Chairman, Chairman of Executive Committee, Board Members, President and other senior executives remuneration including terms and conditions of service, where applicable, the percentage of his annual increment and bonus payment.
- b) The Remuneration Committee will be responsible for establishing a procedure for developing policies on executive remuneration and for deciding upon the remuneration packages of individual directors. External salary surveys are used by the Remuneration Committee to assist them in this. No director is involved in deciding his or her own remuneration.

SHAREHOLDERS

- a) The Company values its dialogue with both institutional and private investor. Effective communication with fund managers, institutional investor and analysts is promoted by way of meetings involving the President and Senior Vice President, Group Corporate Services. This encompasses such issues as performance, strategy and policy.
- b) At least 14 days' notice or 21 days' notice in the case where any special resolution is proposed or where it is the annual general meeting, of every such meeting shall be given which specify the place, day and hour of the meeting. Those attending the General Meetings will be advised on the proxy votes cast.

Separate resolutions will be proposed at the Annual General Meeting on substantially separate issues and there will be a resolution relating to the report and accounts. The Chairman of the meeting and/or appointed representatives will answer questions in that capacity at the Annual General Meeting.

ACCOUNTABILITY AND AUDIT

- a) This Report contains an explanation of the directors' responsibility for the preparation of the accounts and statements by the auditors concerning their responsibilities.
- b) The Board maintains a system of internal control to safeguard shareholders' investment and the Company's assets. The Audit Committee through Group Internal Audit Department, shall review, appraise and report to the Board on the adequacy and effectiveness of the entire accounting and internal control systems. Please refer to the Audit Committee Report for the details on its policies, terms of reference and activities carried out during the year.

ACTIVITIES DURING THE YEAR

CG Committee had been established on 13 November 2000 of which the CG Committee shall monitor the progress and status of the Group's Corporate Governance activities.

Corporate Governance (continue)

The CG Committee comprises of 4 members:-

Independent and Non Executive Director ~ CG Committee Chairman

Senior Vice President, Group Corporate Services

General Manager, Group Human Resource

Group Internal Audit Manager

The primary objectives and functions of CG Committee are as follows:

- a) To promote awareness of good corporate governance and accountability within the Group;
- b) To ensure compliance with KLSE Listing Requirement on Corporate Governance Disclosure Reporting Requirements;
- c) To ensure compliance with the Malaysian Code on Corporate Governance;
- d) To review and approve the Company's Corporate Governance Booklet/Manual; and
- e) To monitor the directors' programme for the continuing progression/training of the directors.

The CG Committee through the Group Internal Audit Department with the assistance from the Group Human Resource Department shall perform the following procedures to achieve the above objectives:

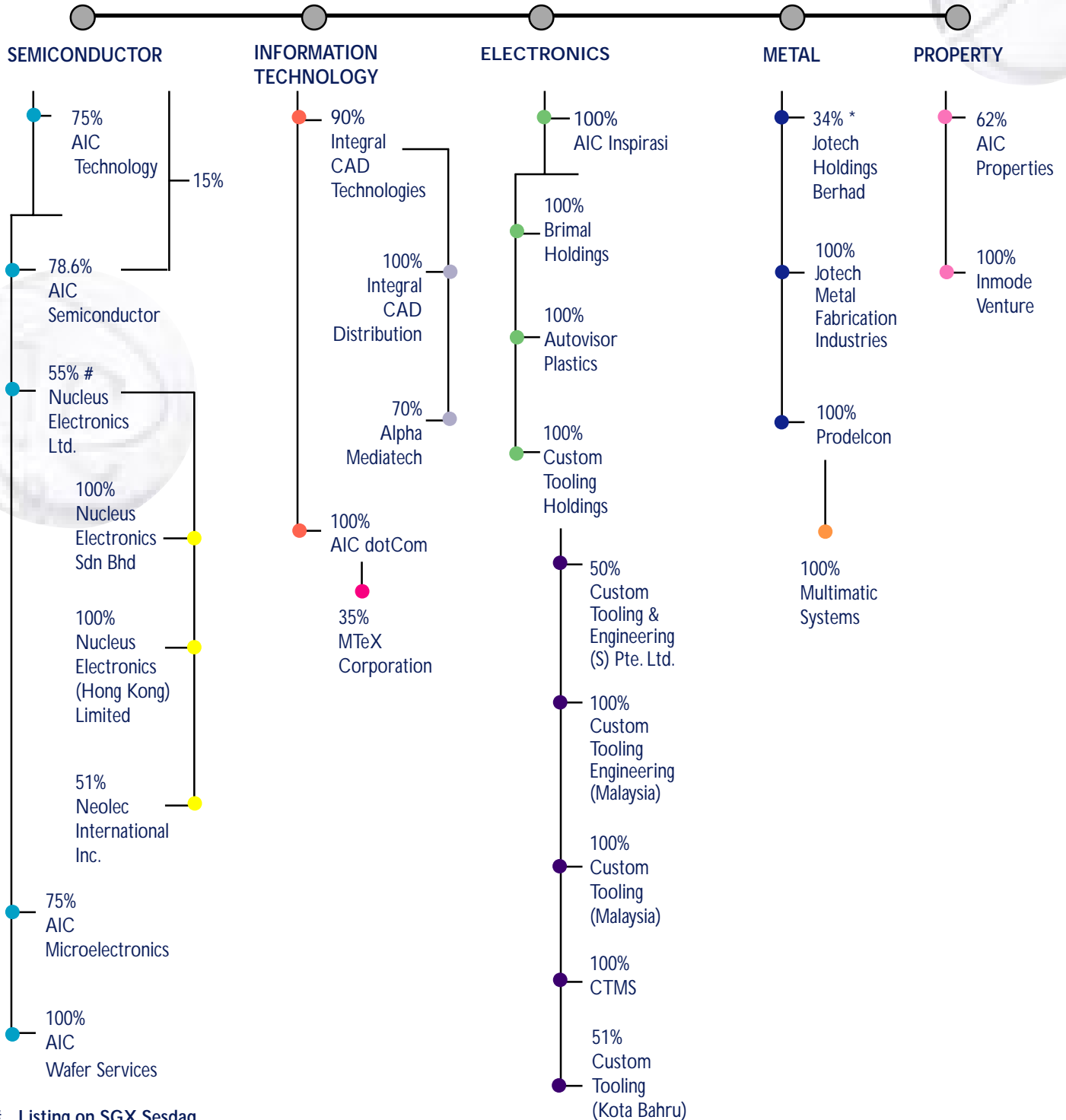
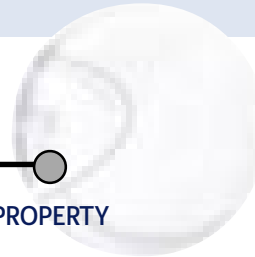
- a) Develop an in-house Company's Corporate Governance Manual for dissemination to the subsidiaries.
- b) Plan and organise seminars for all the directors and senior management in the Group.

BOARD OF DIRECTORS' MEETING

From January 2000 to December 2000

Date of Meeting	Total Directors	Attendance by Directors (Percentage Attendance)	
		Independent	Non Independent
1. 27 January 2000	5	2(100%)	3(100%)
2. 14 March 2000	5	2(100%)	3(100%)
3. 04 May 2000	5	2(100%)	3(100%)
4. 23 June 2000	5	2(100%)	3(100%)
5. 04 August 2000	5	2(100%)	3(100%)
6. 13 November 2000	5	2(100%)	3(100%)

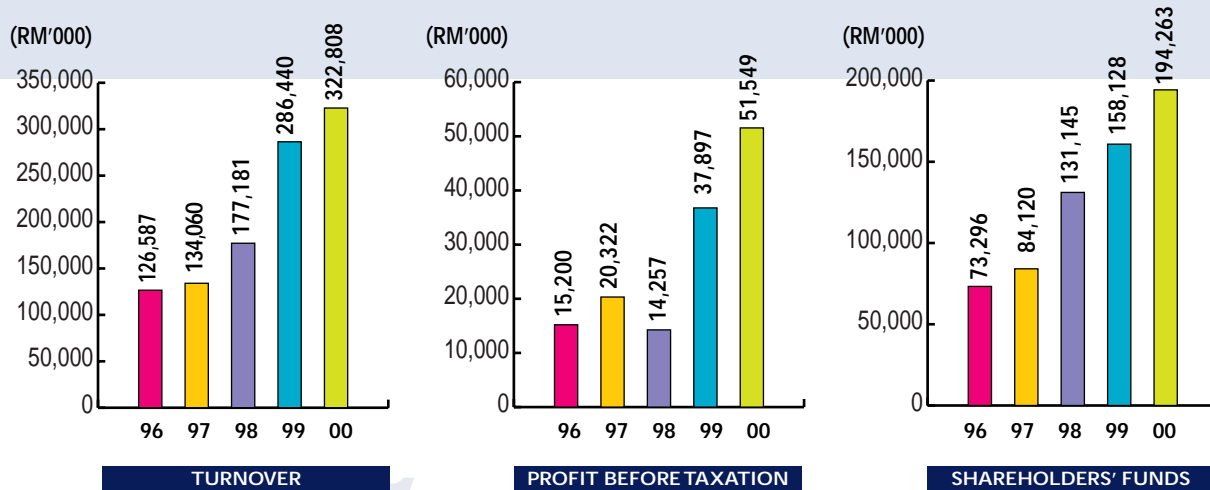
Group's Structure as at 31 March 2001



Listing on SGX Sesdaq

* Listed on the Second Board of the Kuala Lumpur Stock Exchange

Financial Summary



AUDITED	Year ended 31 December				
	1996	1997	1998	1999	2000
	RM'000	RM'000	RM'000	RM'000	RM'000
	Restated				
Turnover	126,587	134,060	177,181	286,440	322,808
Profit Before Taxation	15,200	20,322	14,257	37,897	51,549
Profit After Taxation	11,456	13,316	10,423	35,552	44,680
Profit After Taxation And Minority Interest	8,634	10,346	8,227	26,555	32,259
Net Earnings Per Share (Sen) - Basic	41.6*	42.2	29.2#	40.2#**	47.3#
Fixed Assets, Net	31,907	95,057	139,159	170,283	172,760
Total Assets	136,251	248,596	375,912	422,886	452,395
Shareholders' Funds	73,296	84,120	131,145	158,128	194,263
Long Term Debts	18,350	66,704	102,037	113,057	98,299
Long Term Debts / Shareholders' Funds (Times)	0.25	0.79	0.78	0.71	0.51
Pre-Tax Profit / Turnover	11.98%	15.16%	8.05%	13.21%	15.97%
Pre-Tax Profit / Equity	73.19%#	82.81%	50.61%#	115.65%#	75.50%#
Pre-Tax Profit / Total Assets	11.16%	8.17%	3.79%	8.96%	11.39%
Pre-Tax Profit / Shareholders' Funds	20.74%	24.16%	10.87%	23.97%	26.53%
Current Ratio (Times)	1.2	1.2	1.7	1.6	2.0

* Adjusted by Bonus Issue of 5,352,942 which was allotted on 29 January 1997

** Adjusted by Bonus Issue of 34,122,673 which was allotted on 23 June 2000

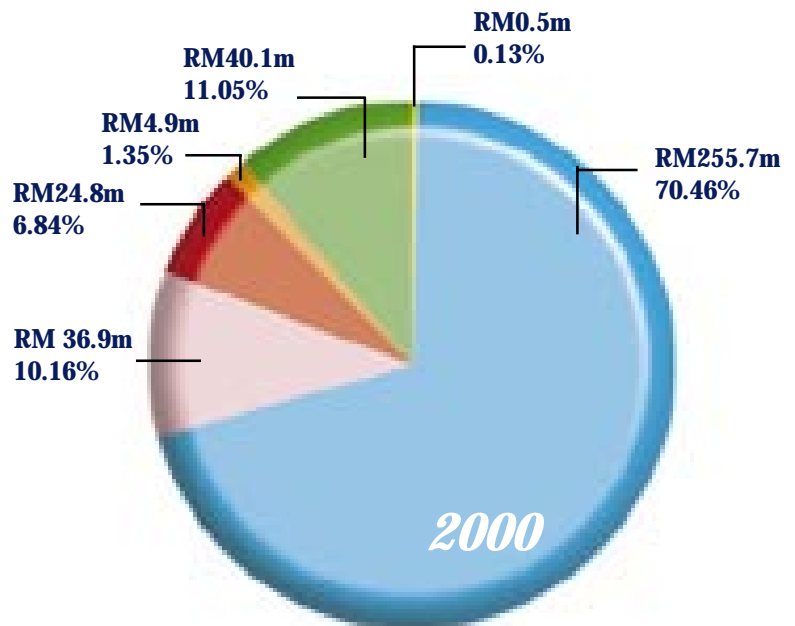
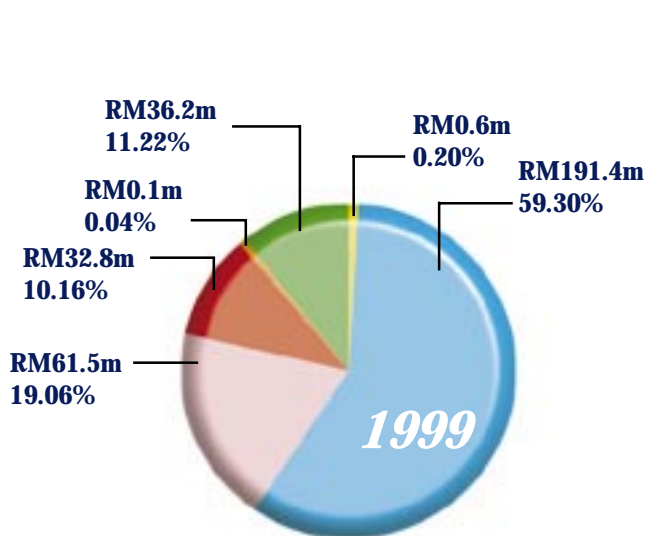
Based on weighted average Share Capital in issue

Financial Summary

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Turnover



Profit Before Tax

