

AIC CORPORATION BERHAD (“AIC” OR “COMPANY”)

- (I) **PROPOSED DISPOSAL OF THE ENTIRE BUSINESS AND UNDERTAKINGS, INCLUDING ALL THE ASSETS AND LIABILITIES, OF THE COMPANY TO TEMASEK FORMATION SDN BHD (“TFSB”) (“PROPOSED DISPOSAL”);**
- (II) **PROPOSED CAPITAL REPAYMENT BY WAY OF A CAPITAL REDUCTION EXERCISE PURSUANT TO SECTIONS 60(2) AND/OR 64 OF THE COMPANIES ACT, 1965 (“ACT”); AND**
- (III) **PROPOSED PAYMENT TO THE WARRANT HOLDERS OF THE COMPANY (“WARRANT HOLDERS”) OF THEIR ENTITLEMENTS TO THE DISPOSAL CONSIDERATION UNDER THE PROPOSED DISPOSAL BY WAY OF A SCHEME OF ARRANGEMENT UNDER SECTION 176 OF THE ACT**

((I), (II) AND (III) COLLECTIVELY KNOWN AS “PROPOSALS”)

1. INTRODUCTION

We refer to the announcement dated 29 July 2011 in respect of the offer letter of even date from TFSB received by the Board of Directors of AIC (“**Board**”) (“**Offer Letter**”), in relation to the offer by TFSB to acquire the entire business and undertakings including all the assets and liabilities of AIC (“**Offer**”) upon terms and conditions contained in the Offer Letter.

Together with the Offer, TFSB simultaneously made offers on substantially the same terms and conditions to acquire the entire businesses and undertakings, including all assets and liabilities, of Jotech Holdings Berhad (“**Jotech**”) (“**Jotech Business**”) and AutoV Corporation Berhad (“**AutoV**”) (“**AutoV Business**”). Such simultaneous offers, together with the Offer set out in the Offer Letter (collectively known as the “**Merger Exercise Offer**”), shall constitute a single consolidated offer for the purposes of achieving the merger of the businesses and undertakings of AIC, Jotech and AutoV (collectively known as “**Target Companies**”) as at 29 July 2011, including all assets and liabilities of the Target Companies as at completion of the Proposed Disposal in accordance with the terms of the Merger Agreement (as herein defined) (“**Completion**”).

On 24 August 2011, Maybank Investment Bank Berhad (“**Maybank IB**”) announced on behalf of the Board that the non-interested Directors of AIC have decided to accept the Offer, subject to, among others the approval of the shareholders and relevant authorities, where required.

OSK Investment Bank Berhad (“**OSK**”) has been appointed by AIC to advise the non-interested Directors and the non-interested shareholders of AIC. Alliance Investment Bank Berhad and KAF Investment Bank Berhad have been appointed as the Independent Advisers to the non-interested Directors and non-interested shareholders of Jotech and AutoV respectively.

On 22 August 2011 and 24 August 2011, Maybank IB announced on behalf of the Board of Directors of AutoV and Jotech respectively that they have decided to accept the offer from TFSB to acquire the AutoV Business (“**Proposed AutoV Business Disposal**”) and Jotech Business (“**Proposed Jotech Business Disposal**”) upon the terms and conditions contained in the respective offer letters dated 29 July 2011 issued by TFSB to AutoV and Jotech.

On behalf of the Board, Maybank IB wishes to announce that AIC has today entered into a definitive merger agreement (“**Merger Agreement**”) with TFSB, Jotech and AutoV in relation to the Proposed Disposal.

Pursuant to the Proposed Disposal, AIC will also undertake the Proposed Distribution and Proposed Warrant Scheme (as defined in Sections 2.2 and 2.3 of this announcement).

2. DETAILS OF THE PROPOSALS

2.1 Proposed Disposal

The Proposed Disposal involves the proposed disposal of the entire business and undertakings, including all the assets and liabilities of AIC (“**AIC Business**”) as at Completion, at an aggregate offer consideration (“**Aggregate Offer Consideration**”) equivalent to:

- (i) RM1.80 per ordinary share of RM1.00 each in AIC (“**AIC Share**”), being 20.00% above the volume weighted average market price (“**VWAMP**”) of AIC Shares for the five (5) market days up to and including 26 July 2011 of RM1.50, multiplied by the total number of outstanding AIC Shares (less treasury shares, if any) at an entitlement date to be determined later by TFSB in consultation with AIC; and
- (ii) RM1.00 per warrant 2008/2018 of AIC (“**AIC Warrant**”), being 17.37% above the VWAMP of AIC Warrants for the five (5) market days up to and including 26 July 2011 of RM0.852, multiplied by the total outstanding number of AIC Warrants in issue at an entitlement date to be determined later by TFSB in consultation with AIC.

As at 9 September 2011, the total outstanding securities of AIC are as follows:

- (i) 173,873,659 AIC Shares; and
- (ii) 26,230,129 AIC Warrants.

For illustrative purposes,

- (i) based on the outstanding securities of AIC as at 9 September 2011 (“**Minimum Scenario**”), the Aggregate Offer Consideration is approximately RM339.20 million; and
- (ii) assuming the full exercise of 26,230,129 AIC Warrants in issue (“**Maximum Scenario**”), the maximum Aggregate Offer Consideration is approximately RM360.19 million.

2.1.1 Satisfaction of the Aggregate Offer Consideration

2.1.1.1 The Aggregate Offer Consideration shall be wholly satisfied by the issuance of an equivalent value of new ordinary shares of RM0.10 each in TFSB (“**TFSB Share**”) at an issue price of RM0.12 per TFSB Share, less/excluding such number of TFSB Shares to be received by AIC arising from its entitlement to TFSB Shares pursuant to its existing 19.88% direct equity interest, representing 11,600,000 ordinary shares of RM1.00 each in AutoV, being such TFSB Shares to which AIC will be entitled to under a proposed distribution, similar to the Proposed Distribution, to be undertaken by AutoV in connection with the implementation of the Proposed AutoV Business Disposal under the Merger Exercise Offer.

For ease of reference/understanding, TFSB will, in effect, be issuing TFSB Shares in settlement of the Aggregate Offer Consideration on the basis of a swap ratio of fifteen (15) TFSB Shares for every one (1) AIC Share held by entitled shareholders of AIC and twenty-five (25) TFSB Shares for every three (3) AIC Warrants held by holders of AIC Warrants as at the Completion.

Completion shall take place on a business day falling 90 days after the satisfaction of all the conditions precedent (“**Conditions Precedent**”) (as defined in Section 2.1.5.2 of this announcement) and the approval of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for the listing of and quotation for the TFSB Shares on the Main Market of Bursa Securities being obtained or such other date as may be agreed upon between the parties upon which the Completion is to take place (“**Completion Date**”).

- 2.1.1.2 If AIC declares, makes and/or pays a dividend or other distribution of any nature whatsoever to the shareholders of AIC after 29 July 2011, being the date of the Offer, up to the Completion Date of the Merger Agreement, the purchase consideration per AIC Share shall be reduced by an amount equivalent to the net amount of such distribution made per AIC Share multiplied by the total outstanding AIC Shares.
- 2.1.1.3 The consideration arising from the Proposed Disposal is intended to be distributed to the entitled shareholders and Warrant Holders pursuant to the Proposed Distribution and Proposed Warrant Scheme, respectively which are detailed in Sections 2.2 and 2.3 of this announcement.
- 2.1.1.4 The new TFSB Shares to be issued to satisfy the Aggregate Offer Consideration shall be issued and credited as fully paid-up and will, upon allotment and issue rank equally in all respects with each other and with the then existing TFSB Shares save and except that the holders of such new TFSB Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the shareholders of TFSB, the entitlement date of which is prior to the date of allotment of such new TFSB Shares. The TFSB Shares are proposed to be listed on the Main Market of Bursa Securities upon completion of the Proposals.

2.1.2 AIC Business to be acquired

- 2.1.2.1 The AIC Business to be acquired comprises all of the business and undertakings, including all assets and liabilities, of AIC as at the Completion Date and TFSB must accept transfer or assumption of all assets and liabilities of AIC, including the following:
- (i) the shares of each of the subsidiaries and associate companies held by AIC, with the intent and agreement that at Completion, the registered and/or beneficial ownership of those numbers of shares (and their representative equity interests) in the companies directly held by AIC shall be transferred to TFSB or its nominee(s);
 - (ii) the rights, title, interest and benefits in, to and under any of the agreements in respect of the AIC Business, whether in oral, written or electronic form, to which AIC is a party and which are wholly or partly to be performed after Completion, subject to the conditions and in accordance with the terms thereof;
 - (iii) the sum of the cash balances (including, but not limited to cash in hand and credited to any account with a bank, including fixed deposits) of AIC as at Completion Date;
 - (iv) the real properties registered in the name of and/or beneficially owned by AIC;
 - (v) the goodwill of AIC;
 - (vi) the motor vehicles of AIC;
 - (vii) the office equipment of AIC;
 - (viii) the plant and machinery of AIC;
 - (ix) all industrial and intellectual property rights and interests of AIC;
 - (x) the benefit (so far as the same can lawfully be assigned or transferred to TFSB) of all rights and claims of AIC arising before the Completion Date out of or in connection with the AIC Business insofar as they relate to any of the AIC assets or liabilities but excluding receivables ("**AIC Claims**");

- (xi) the book and other debts receivable by or owing to AIC in connection with the AIC Business and the benefit of all securities therefore and all guarantees, indemnities and rights in respect of the same;
- (xii) inventories and stock in trade;
- (xiii) all other property, rights, permits, licences and assets used, enjoyed or exercised or intended to be used, enjoyed or exercised in connection with the AIC Business;
- (xiv) the assumption of all debts, liabilities, duties and obligations of AIC in respect of the carrying on of the AIC Business or in respect of the AIC Assets (as herein defined) or otherwise; and
- (xv) the benefit and assumption of all inter-company payables and other non-trade payables relating to the AIC Business.

2.1.2.2 The following assets shall not form part of the sale and purchase and transfer of the AIC Business and shall remain the property of AIC after the completion of the Proposed Disposal ("**Excluded Assets**"):

- (i) AIC Shares held by AIC in treasury (if any);
- (ii) the common seal, statutory records and corporate records required by law to be retained by AIC; and
- (iii) all rights of AIC under the Merger Agreement (including all rights in respect of the Aggregate Offer Consideration) and any other documents or instruments executed by AIC in connection with the Merger Agreement and the TFSB Shares to be received by AIC in settlement thereof.

All the rights, properties and assets of AIC to be sold and purchased pursuant to Section 2.1.2 of this announcement but excluding the Excluded Assets are known as "**AIC Assets**".

2.1.3 Integration Committee

An integration committee will be established following the execution of the Merger Agreement. The composition of the integration committee will be as agreed by TFSB and the Target Companies, and will comprise representatives from TFSB and the Target Companies. The role of the integration committee shall be to consider any request for approval by the Target Companies in respect of the matters set out in Section 2.1.5.4(ii) of this announcement and to chart and facilitate the integration and rationalisation activities of TFSB. The integration committee shall be chaired by Datuk Goh Tian Chuan. The decision of the integration committee shall be on a unanimous basis and shall be final in respect of all matters within its jurisdiction. The integration committee shall be disbanded upon the listing of TFSB on Bursa Securities whereupon its activities shall be assumed by the Board of Directors of TFSB.

2.1.4 Basis and justification of arriving at the Aggregate Offer Consideration

The Aggregate Offer Consideration by TFSB was determined based on the Offer price of RM1.80 for every AIC Share and RM1.00 for every AIC Warrant as at the date of the Offer Letter. Based on the Minimum Scenario and Maximum Scenario, the Aggregate Offer Consideration amounts to approximately RM339.20 million and RM360.19 million respectively.

The price per AIC Share of RM1.80 represents a premium of:

- (i) 20.00% over RM1.50, being the five (5)-day VWAMP of AIC Shares up to 26 July 2011, which was the last trading day before the Offer from TFSB was made; and
- (ii) 30.43% over RM1.38, being the one (1)-month VWAMP of AIC Shares up to 26 July 2011, which was the last trading day before the Offer from TFSB was made.

The price per AIC Warrant of RM1.00 represents a premium of:

- (i) 17.37% over RM0.852, being the five (5)-day VWAMP of AIC Warrants up to 26 July 2011, which was the last trading day before the Offer from TFSB was made; and
- (ii) 36.80% over RM0.731, being the one (1)-month VWAMP of AIC Warrants up to 26 July 2011, which was the last trading day before the Offer from TFSB was made.

In addition to the considerations set out above, TFSB has also considered the complementary strengths and synergistic benefits of the proposed merger of the businesses and undertakings of the Target Companies, which are expected to contribute positively to the business and financial position of the enlarged group of companies under TFSB following the completion of the acquisitions of the Target Companies and their group of companies ("**TFSB Group**") and to assist TFSB Group to realise its strategic objectives for long-term sustainable growth and expansion of its business. Further details on the rationale and benefits of the Proposals are set out in Section 3 of this announcement.

2.1.5 Salient terms of the Merger Agreement

2.1.5.1 Sale and purchase of AIC Business

AIC agrees to sell and TFSB agrees to purchase together with all rights attaching thereto as at the Completion Date the whole of the AIC Business as a going concern together with the AIC Assets set out in Section 2.1.2 of this announcement but excluding the Excluded Assets set out in Section 2.1.2.2 of this announcement and the AIC Liabilities set out in Section 8.2.3 of this announcement.

2.1.5.2 Conditions Precedent

- (i) The Proposed Disposal is conditional upon the following Conditions Precedent being obtained/fulfilled within a period of nine (9) months after the date of the Merger Agreement, or such later date as the parties may mutually agree ("**Cut-Off Date**"):

In connection with the Proposed Disposal:

- (a) the approval of the shareholders of AIC at an extraordinary general meeting ("**EGM**") to be convened, for the disposal of the AIC Business (including the Proposed Share Issue) in accordance with the terms and conditions of the Merger Agreement;
- (b) the approval or consent of the financiers/creditors of AIC and/or its subsidiaries upon the terms and subject to the conditions of the Merger Agreement, where required, in each case to the extent that at the Completion Date the same remain to be completed or performed or remain in force;

- (c) the approval or consent of any other party which has entered into any subsisting arrangement, contract or undertaking with AIC and/or its subsidiaries, where required, in each case to the extent that at the Completion Date the same remain to be completed or performed or remain in force;
- (d) the approval or consent of the Securities Commission (“**SC**”), Bursa Securities, Ministry of International Trade and Industry (“**MITI**”) or any other relevant regulatory authority or foreign authority or person, on terms acceptable to TFSB, where required;
- (e) TFSB reasonably satisfied that all AIC Warrants issued by AIC have been exercised or have been/will be satisfactorily terminated, waived or settled pursuant to the Proposed Warrant Scheme;
- (f) all conditions precedent applicable in connection with the Proposed Jotech Business Disposal and the Proposed AutoV Business Disposal pursuant to the Merger Exercise Offer having been fulfilled or obtained in accordance with the terms and conditions of the Merger Agreement; and
- (g) the grant by the relevant authorities of waivers, exemptions and/or relief for stamp duty, real property gains tax and/or any other tax or levy that may arise or be incurred in respect of the acquisition by TFSB of the AIC Business, on terms acceptable to TFSB.

In connection with the Proposed Distribution:

- (a) the approval of the shareholders of AIC at an EGM to be convened;
- (b) the approval or consent of the financiers/creditors of AIC and/or its subsidiaries;
- (c) the approval of the SC;
- (d) the grant of an order of the High Court of Malaya (“**High Court**”) confirming the Proposed Capital Reduction comprised in the Proposed Distribution; and
- (e) all conditions precedent applicable in connection with the proposed distribution exercises (similar to the Proposed Distribution) to be undertaken by Jotech and AutoV respectively pursuant to the Merger Exercise Offer having been fulfilled or obtained in accordance with the terms and conditions of the Merger Agreement.

In connection with the Proposed Warrant Scheme:

- (a) the approval of the Warrant Holders at a Court-convened warrant holders’ meeting;
- (b) the grant of an order of the High Court pursuant to section 176 of Act sanctioning the Proposed Warrant Scheme; and
- (c) all conditions precedent applicable in connection with the proposed warrant scheme exercise (similar to the Proposed Warrant Scheme) to be undertaken by Jotech pursuant to the Merger Exercise Offer having been fulfilled or obtained in accordance with the terms and conditions of the Merger Agreement.

- (ii) If any of the Conditions Precedent is not obtained/fulfilled or waived by the Cut-off Date, either party may, at its sole discretion, terminate the Merger Agreement by notice in writing, whereupon, the parties shall not have any further rights under the Merger Agreement except in respect of the following:
 - (a) any obligation under the Merger Agreement which is expressed to apply after the termination of the Merger Agreement; and
 - (b) any rights or obligations which have accrued in respect of any breach of any of the provisions of the Merger Agreement to either AIC or TFSB prior to such termination.
- (iii) The Merger Agreement shall become unconditional on the date when all the Conditions Precedent have been obtained/fulfilled or waived.

2.1.5.3 Real property gains tax liabilities

TFSB agrees to bear all real property gains tax payable (if any) under any of the provisions of the Real Property Gains Tax Act 1976 on the disposal of any of the AIC Assets/real properties registered in the name of and/or beneficially owned by AIC pursuant to the Merger Agreement and to promptly pay to the relevant authorities any retention sum payable pursuant to the provisions of Section 21B of the Real Property Gains Tax Act 1976 and shall indemnify and keep indemnified and harmless AIC at all times against all claims, actions, proceedings, liabilities, demands, costs, expenses, damages, fines and penalties levied on, incurred or sustained by AIC arising out of or in connection with real property gains tax payable under any of the provisions of the Real Property Gains Tax Act 1976 in connection with the disposal of the AIC Assets/real properties registered in the name of and/or beneficially owned by AIC pursuant to the Merger Agreement, including any claims by the Director-General of Inland Revenue arising from any default in payment of real property gains tax.

2.1.5.4 Covenants pending Completion

- (i) AIC shall procure that, in the period between the date of the Merger Agreement and Completion:
 - (a) the AIC Business will be carried on as a going concern in the ordinary course, save insofar as agreed in writing by TFSB; and
 - (b) all reasonable steps shall be taken to preserve the AIC Assets, the AIC Claims and, in particular, all insurance policies normally kept in force will be maintained.
- (ii) During the period between the date of the Merger Agreement and Completion, AIC shall not and shall procure that AIC and its subsidiaries ("**AIC Group**") shall not, without the prior written consent of TFSB:
 - (a) make or permit any change to the share or loan capital structure of AIC and/or its subsidiaries, including but not limited to carrying out any buyback or resale of the AIC Shares and grant of any options over AIC Shares or issuance of any new AIC Shares, save and except for the issuance of shares by AIC pursuant to the exercise of the AIC Warrants;

- (b) dispose of or transfer, or permit the disposal or transfer of, any of the material businesses or assets of AIC and/or its subsidiaries (including but not limited to the shares held by AIC in AutoV), other than in the ordinary course of business of AIC and/or its subsidiaries, and save in respect of agreements already entered into prior to the date of the Offer Letter or agreements entered into after the date of the Offer Letter involving the internal transfer or subscription of shares of any subsidiary of AIC (whether directly or indirectly held by AIC) whereby the subsidiaries of AIC shall remain a subsidiary of AIC after such transfer or subscription of shares or any other internal restructuring or reorganisation agreement or arrangement notified to TFSB involving any disposal or transfer of any businesses or assets of AIC and/or its subsidiaries to another subsidiary or subsidiaries of AIC (whether directly or indirectly). For this purpose, any disposal or transfer involving a consideration or assets value in excess of 5% of the consolidated net assets of AIC and its subsidiaries based on the latest audited consolidated financial statements of AIC shall be deemed to be material;
- (c) acquire or permit the acquisition by AIC and/or any of its subsidiaries of any material business or asset other than in the ordinary course of business of AIC and/or its subsidiaries, save in respect of agreements already entered into prior to the date of the Offer Letter or any internal restructuring and reorganisation agreement or arrangement notified to TFSB involving any disposal or transfer of any businesses or assets of AIC and/or its subsidiaries to another subsidiary or subsidiaries of AIC (whether directly or indirectly). For this purpose, any acquisition involving a consideration or assets value in excess of 5% of the consolidated net assets of AIC and its subsidiaries based on the latest audited consolidated financial statements of AIC shall be deemed to be material;
- (d) declare or pay or support the declaration or payment of any dividend or distribution by AIC or any of its subsidiaries, other than the cumulative amount of dividends or distribution declared prior to the date of the Offer Letter;
- (e) enter into any related party transaction (within the meaning prescribed by the Listing Requirements of Bursa Securities (“**Listing Requirements**”)) which would require shareholders’ approval, other than recurrent related party transactions for which shareholders’ mandate has already been obtained or is being sought and obtained;
- (f) enter into any long-term contract or capital commitment for the supply of goods or services for AIC Business other than in the ordinary course of business of AIC and/or its subsidiaries, and for this purpose any contract or capital commitment for a period exceeding twelve (12) months shall be deemed long-term in nature;
- (g) create, extend, grant or issue or agree to create, extend, grant or issue any mortgage, charge, debenture or other security over the assets of AIC or any of its subsidiaries, other than in the ordinary course of business of AIC and/or its subsidiaries;
- (h) conduct any form of capital raising exercise, either in the form of debt and/or equity;
- (i) pass any resolution in general meeting (other than in respect of any ordinary business tabled in an annual general meeting or any resolution proposed pursuant to the implementation of the disposal of the AIC Business or Proposed Distribution or any proposals related thereto) of AIC and/or its subsidiaries;

- (j) incur any liability (including any contingent liability) in excess of 5% of the consolidated net assets of AIC and its subsidiaries based on the latest audited consolidated financial statements of AIC other than in the ordinary course of business of AIC and its subsidiaries;
- (k) make any material change to the terms and conditions or extend the current employment of or appoint any senior management in AIC and/or its subsidiaries;
- (l) do or cause or allow to be done or omitted, any act or thing which would result (or be likely to result) in a breach of any lawful and/or contractual obligation of AIC and/or any of its subsidiaries;
- (m) do or cause or allow to be done or omitted, any act or thing which would result (or be likely to result) in a material adverse effect on or material change to the material licences or concession agreements of AIC and/or any of its subsidiaries; and/or
- (n) dilute its interest, shareholding or economic interest in any subsidiaries or associate companies or other entities in which it holds shares, other than investments held in listed shares/securities of companies which are not subsidiaries or associate companies of AIC.

2.1.5.5 Employees

TFSB shall employ on and with effect from the Completion Date all those employees of AIC who are immediately prior to the Completion Date employed by AIC ("**Employees**"). TFSB shall by notice in writing given within seven (7) days from the Completion Date, make a written offer of employment to each Employee ("**TFSB's Offer**"), which shall be delivered by TFSB to each Employee. TFSB's Offer shall be subject to the following:

- (i) TFSB's Offer to each Employee shall be made on such terms and conditions of employment not less favourable than the current employment terms enjoyed by each such Employee. TFSB agrees that such employment with TFSB shall commence on the Completion Date. Such Employee's previous years of service with AIC shall be recognised by TFSB and the commencement date or deemed commencement date of his/her employment with AIC shall be taken to be the effective date of the commencement of his/her employment with TFSB.
- (ii) In the event that any Employee shall decline TFSB's Offer, all salaries, emoluments, accrued leave entitlements, termination and redundancy benefits and all other amounts (including, without limitation, bonus payments and contributions payable to any provident fund or pension scheme) shall be borne by AIC.
- (iii) Notwithstanding Regulation 8 of the Employment (Termination and Lay Off Benefits) Regulations, 1980, TFSB shall fully indemnify, defend and hold harmless AIC from and against any and all loss, including any damage, claim, action, liability, cost, expense, charge, penalty, outgoing or payment and legal costs and expenses on a full indemnity basis incurred as a result of claims, actions or proceedings brought by any Employee against AIC as a result of any act or omission of TFSB relating to the re-offer of employment to the Employees pursuant to the provisions of this paragraph on terms and conditions of employment not less favourable than the current employment terms enjoyed by each Employee.

2.1.5.6 Proposed Share Issue

In connection with the Proposed Disposal, TFSB shall simultaneously with the implementation of the Proposed Distribution (which will result in the cancellation of AIC's entire share capital), subscribe for and AIC shall allot and issue two (2) new AIC Shares to TFSB at an issue price of RM1.00 each ("**Proposed Share Issue**"). Accordingly, immediately following the completion of the Proposed Distribution and the Proposed Share Issue, the share capital of AIC shall be RM2.00 comprising two (2) AIC Shares, all of which shall be held by TFSB.

2.1.5.7 Completion arrangements

- (i) TFSB shall on Completion, against performance by AIC of the obligations prescribed under the Merger Agreement in respect of the delivery and transfer of the AIC Assets and AIC Liabilities (as set out in Section 8.2.3 of this announcement) allot and issue an equivalent value of new TFSB Shares in the capital of TFSB, all credited as fully paid-up, to AIC at an issue price of RM0.12 per TFSB Share as full consideration for settlement of the Aggregate Offer Consideration pursuant to the terms of the Merger Agreement ("**Consideration Shares**") to AIC and procure the Consideration Shares to be credited into AIC's respective Central Depository System securities account(s) (the details of which shall be provided to TFSB prior to the Completion Date) in accordance with the terms set out in Section 2.1.1.1 of this announcement within seven (7) business days from the Completion Date or such longer period as may be approved by AIC (such approval not to be unreasonably withheld).
- (ii) For the purposes of completing the transfer and delivery of AIC Business in accordance with the provisions of the Merger Agreement, the parties agree that TFSB shall be entitled to nominate and appoint one or more parties as its nominee(s) to accept/assume or take possession of any of the AIC Business (including any of the AIC Assets and/or the AIC Liabilities) as TFSB may determine, provided that TFSB shall be required to obtain all third party consents required for such third party/parties to accept/assume or take possession of any of the AIC Business (including any of the AIC Assets and/or the AIC Liabilities).

2.1.5.8 Termination of the Merger Agreement

- (i) Each party shall be entitled to issue a notice of termination to the other party, if, at any time the other party commits any continuing or material breach of any of its obligations under the Merger Agreement which is incapable of remedy or if capable of remedy, is not remedied within fourteen (14) days of it being given notice so to do, or among others, a winding up or insolvency events occurs.
- (ii) If the Merger Agreement is terminated by TFSB and TFSB elects not to pursue the remedy of specific performance, AIC shall, within fourteen (14) days after its receipt of the notice of termination, return to TFSB all documents, if any, delivered to them by or on behalf of TFSB. In exchange for the performance by AIC of such obligations, TFSB shall, within fourteen (14) days after its receipt of the notice of termination, return to AIC all documents, if any, delivered to them by or on behalf of AIC and re-transfer, re-assign and/or re-deliver the AIC Business and the AIC Assets and the AIC Liabilities together with all revenue, profits and other moneys attributable to the AIC Business and the AIC Assets and the AIC Liabilities after Completion to AIC (if applicable).

- (iii) If the Merger Agreement is terminated by AIC and AIC elects not to pursue the remedy of specific performance, TFSB shall, within fourteen (14) days after its receipt of the notice of termination, return to AIC all documents, if any, delivered to them by or on behalf of AIC and re-transfer, re-assign and/or re-deliver the AIC Business and the AIC Assets and the AIC Liabilities together with all revenue, profits and other moneys attributable to the AIC Business and the AIC Assets and the AIC Liabilities after Completion to AIC (if applicable). In exchange for the performance by TFSB of such obligations, AIC shall, within fourteen (14) days after its receipt of the notice of termination, return to TFSB all documents, if any, delivered to it by or on behalf of TFSB.

2.2 Proposed Distribution

2.2.1 AIC shall, subject to obtaining all requisite approvals, implement a proposed distribution exercise comprising:

- (i) a capital reduction exercise (“**Proposed Capital Reduction**”) in accordance with Sections 60(2) and/or 64 of the Act, involving a reduction of the share capital and/or share premium reserve (if applicable) of AIC via cancellation of AIC’s issued and paid-up share capital, which shall require confirmation by the High Court pursuant to Sections 60(2) and/or 64 of the Act; and
- (ii) a capital repayment exercise (“**Proposed Capital Repayment**”) involving:
 - (a) the distribution-in-specie of the TFSB Shares to be received by AIC upon completion of the Proposed Disposal to all the entitled shareholders of AIC; and
 - (b) the distribution-in-specie of the TFSB Shares to be received by AIC arising from its entitlement to the TFSB Shares pursuant to its existing 19.88% direct equity interest held by AIC in AutoV to all the entitled shareholders of AIC.

(collectively known as “**Proposed Distribution**”.)

2.2.2 In connection with the Proposed Disposal, TFSB shall simultaneously with the implementation of the Proposed Distribution (which will result in the cancellation of the entire share capital of AIC), subscribe for and AIC shall allot and issue two (2) new AIC Shares to TFSB at an issue price of RM1.00 each under the Proposed Share Issue. Accordingly, immediately following the completion of the Proposed Distribution and Proposed Share Issue, the share capital of AIC shall be RM2.00, comprising two (2) AIC Shares, all of which shall be held by TFSB.

2.2.3 In order to facilitate the Proposed Distribution, AIC shall, prior to the implementation of the Proposed Capital Reduction, undertake a bonus issue of shares, which shall not be credited to the entitled shareholders of AIC and shall immediately be cancelled pursuant to the Proposed Capital Reduction and which is to be effected by way of capitalising all sums standing to the credit of the share premium account, retained profits and/or any other reserves which may be capitalised, including the net gain arising from the Proposed Disposal (“**Proposed Bonus Issue**”). The actual number of bonus shares to be issued per AIC Share would be dependent on the amount to be capitalised and the total issued and paid-up capital of AIC, as at the entitlement date for the Proposed Distribution.

2.2.4 As the Proposed Bonus Issue, together with the Proposed Capital Reduction (details of which are as set out in Section 2.2.6 of this announcement), form part of the process undertaken to facilitate the implementation of the Proposed Distribution, none of the bonus shares will be credited into the individual securities accounts of the respective entitled shareholders. Further, no physical share certificates will be issued as well.

- 2.2.5 As stated in its audited financial statements as at 31 December 2010, AIC has negative reserves of RM71.00 million and RM51.49 million at Company level and AIC Group level respectively. Pursuant to the estimated net gain arising from the Proposed Disposal, and after taking into account the adjustments as set out under the Notes in Proforma I (Minimum Scenario) and Proforma II (Maximum Scenario) of Appendix I of this announcement, the reserves available for capitalisation under the Proposed Bonus Issue will be approximately:
- (i) RM139.10 million, under the Minimum Scenario; or
 - (ii) RM160.08 million, under the Maximum Scenario.

Based on AIC's latest audited consolidated financial statements for financial year ended ("FYE") 31 December 2010 as well as its latest unaudited quarterly results for the six (6) months financial period ended 30 June 2011 and after taking into consideration the estimated net gain on disposal of approximately RM212.39 and RM207.14 under the Minimum Scenario and Maximum Scenario respectively, the Company has sufficient reserves to implement the Proposed Bonus Issue.

- 2.2.6 Immediately following the issuance of the bonus shares pursuant to the Proposed Bonus Issue, AIC shall undertake a capital reduction exercise which involves the immediate cancellation of all the AIC Shares in issue (including the bonus shares to be issued pursuant to the Proposed Bonus Issue). The credit arising from the capital reduction shall be utilised to return the relevant portion of the Aggregate Offer Consideration to be received by AIC to the shareholders of AIC as at the relevant time and date to be set by the Board in accordance with the Listing Requirements.
- 2.2.7 The Aggregate Offer Consideration for the Proposed Disposal (which is based on the number of AIC Shares in issue as at an entitlement date to be determined) excludes any of the bonus shares to be issued, and therefore, will not be affected by the Proposed Bonus Issue. Accordingly, the entitlement of the AIC shareholders pursuant to the Proposed Distribution shall be determined based on the number of AIC Shares as at the entitlement date for the Proposed Distribution (without any adjustment for the Proposed Bonus Issue).
- 2.2.8 Upon completion of the Proposed Disposal, Proposed Distribution and Proposed Warrant Scheme, AIC (together with Jotech and AutoV) will separately apply to Bursa Securities to be delisted from the Main Market of Bursa Securities and subsequently, subject to the requisite approvals of the SC and Bursa Securities being obtained, TFSB shall assume the listing status of any one of AIC, Jotech or AutoV and be admitted to the Official List of Bursa Securities, subsequent to TFSB being converted into a public limited liability company.

2.3 Proposed Warrant Scheme

In conjunction with the Proposed Disposal, AIC shall implement a scheme of arrangement under Section 176 of the Act ("**Proposed Warrant Scheme**") to pay the Warrant Holders their entitlements to the Aggregate Offer Consideration in consideration for the cancellation of the exercise rights pursuant to the AIC Warrants and thereafter proceed to cancel all the AIC Warrants so that all the outstanding AIC Warrants are effectively and validly cancelled.

2.4 Conditionality

- 2.4.1 Pursuant to the Proposed Jotech Business Disposal, Jotech will undertake a proposed distribution (“**Proposed Jotech Distribution**”) and proposed warrant scheme (“**Proposed Jotech Warrant Scheme**”) to distribute the consideration received from the Jotech Business Disposal to the entitled shareholders and warrant holders of Jotech.
- 2.4.2 Pursuant to the Proposed AutoV Business Disposal, AutoV will undertake a proposed distribution (“**Proposed AutoV Distribution**”) to distribute the consideration received from the AutoV Business Disposal to the entitled shareholders of AutoV.
- 2.4.3 The completion of the Proposed Disposal is conditional upon all requisite approvals in respect of the Proposed Distribution, Proposed Jotech Distribution, Proposed AutoV Distribution, Proposed Warrant Scheme and Proposed Jotech Warrant Scheme having been satisfied/fulfilled/obtained.
- 2.4.4 The Proposed Bonus Issue is part of the process to facilitate the Proposed Distribution. Therefore, the Proposed Bonus Issue and Proposed Distribution are inter-conditional.
- 2.4.5 The completion of the Proposed Distribution is conditional upon the completion of the Proposed Disposal, Proposed Jotech Business Disposal, Proposed AutoV Business Disposal, Proposed Warrant Scheme and Proposed Jotech Warrant Scheme.
- 2.4.6 The Proposed Disposal, Proposed Jotech Business Disposal and Proposed AutoV Business Disposal are inter-conditional. The completion of the Proposed Disposal shall occur simultaneously with the completion of the Proposed Jotech Business Disposal and Proposed AutoV Business Disposal.

3. RATIONALE FOR THE PROPOSALS

The Proposed Disposal, Proposed Jotech Business Disposal and Proposed AutoV Business Disposal were proposed by TFSB to merge three (3) companies, namely AIC, Jotech and AutoV, to create a more sizeable group of companies under TFSB. Upon implementation of the Proposals, the entitled shareholders of AIC and Warrant Holders will be able to participate in the future prospects of the enlarged TFSB Group. The proposed merger will effectively allow AIC to realise the following benefits:

- (i) the combined businesses pursuant to the Proposed Disposal, Proposed Jotech Business Disposal and Proposed AutoV Business Disposal will create an integrated manufacturing group with an extended range of manufacturing services from precision metal and plastic parts stamping to high volume manufacturing and assembly as well as logistics management;
- (ii) upon completion of the Proposals, the enlarged TFSB Group is expected to have better access to larger scale business opportunities and an enhanced ability to raise funds in both debt and equity markets as a result of improved balance sheet position, financial strength and resources; and
- (iii) the merger and resultant enlarged TFSB Group is expected to realise operational and administrative synergies and efficiencies, resulting from the centralisation of back office operations, enhanced cash management arising from pooling of cash resources, joint marketing and improved branding and cost savings through centralised procurement of materials and services.

4. RISKS IN RELATION TO THE PROPOSALS

The completion risks in relation to the Proposals are as follows:

(i) Conditions for the Proposed Disposal

The completion of the Proposed Disposal is conditional upon the Conditions Precedent as set out in Section 2.1.5.2 of this announcement being satisfied and/or waived (as the case may be) in accordance with the provisions of the Merger Agreement, including the approvals from the shareholders of AIC and the relevant authorities or other parties being obtained.

The Proposed Disposal, Proposed Jotech Business Disposal and Proposed AutoV Business Disposal are inter-conditional. Further, it is also a term of the Merger Agreement (as referred to in Section 2.1.1.1 of this announcement) that completion of the Merger Agreement shall only take place after the approval of Bursa Securities for the listing of and quotation for the TFSB Shares on the Main Market of Bursa Securities being obtained. There can be no assurance that such approvals and/or conditions will be obtained and/or satisfied. However, AIC will continue to take all reasonable steps to ensure the satisfaction and/or waiver (as the case may be) of the Conditions Precedent to ensure completion of the Proposed Disposal.

(ii) Sanction of the High Court for the Proposed Capital Reduction comprised in the Proposed Distribution

The Proposed Capital Reduction comprised in the Proposed Distribution will be subject to the confirmation of the High Court. The High Court has the ultimate discretion as to whether to confirm the Proposed Distribution and in arriving at its decision, it will include in its consideration, without limitation, the assurance given by AIC that the shareholders of AIC will be treated in a fair and equitable manner, whether the rights and interest of the creditors of AIC are protected and are not prejudiced and full compliance by AIC of the requirements of the Act. The High Court could either require AIC to obtain the consent of its creditors or direct or order AIC to secure the debt or undertake to set aside an amount sufficient to satisfy the debts due to creditors (if any).

There is no assurance that the High Court will confirm the Proposed Distribution and there is a risk even though AIC has taken and will continue to take all reasonable steps that if faced with an objection from one or more dissenting creditors who make out a case that the Proposed Distribution is prejudicial to such creditors, the High Court may exercise its discretion not to sanction the Proposed Distribution to return capital to shareholders. The Proposed Distribution will not be carried out without the High Court's confirmation and consequently the Proposed Warrant Scheme will not be implemented.

Nonetheless, as all debts and liabilities of AIC will and can be settled as and when they become due and payable by AIC or assumed by TFSB after the Proposed Disposal, the Board does not envisage that any creditor would have a good basis to object to the Proposed Distribution and that the High Court would have reason to disallow the confirmation sought in connection with the Proposed Distribution.

Further, as the distribution to entitled shareholders of AIC of their entitlement to the Aggregate Offer Consideration pursuant to the Proposed Distribution is conditional upon the completion of the Proposed Disposal, any delay in the completion of the Proposed Disposal would have a consequential impact on the timeliness of distribution of the entitlement of shareholders to the Aggregate Offer Consideration.

(iii) Sanction of the High Court for the Proposed Warrant Scheme

The Proposed Warrant Scheme which is to be implemented by way of a scheme of arrangement pursuant to Section 176 of the Act will be subject to the approval of the High Court. The High Court has the ultimate discretion as to whether to sanction the Proposed Warrant Scheme and in arriving at its decision, it will include in its consideration, without limitation, the assurance given by AIC that the Warrant Holders will be treated in a fair and equitable manner and whether AIC has fully complied with the requirements of the Act.

As the distribution to entitled shareholders of AIC of their entitlement to the Aggregate Offer Consideration pursuant to the Proposed Distribution is conditional upon the completion of the Proposed Disposal, any delay in the completion of the Proposed Disposal would have a consequential impact on the timeliness of distribution of the entitlement of shareholders to the Aggregate Offer Consideration.

There is no assurance that the High Court will sanction the Proposed Warrant Scheme and in the event that the High Court does not sanction the Proposed Warrant Scheme, the Proposed Warrant Scheme will not be carried out and consequently the Proposed Disposal will not be completed and the Proposed Distribution will not be implemented.

5. EFFECTS OF THE PROPOSALS

5.1 Share capital and substantial shareholders' shareholdings

The Proposed Disposal will not have any effect on the issued and paid-up share capital and substantial shareholders' shareholdings of AIC. The Proposed Distribution and Proposed Bonus Issue will not have any effect on the percentage shareholdings of the substantial shareholders of AIC as the Proposed Distribution will be carried out on a proportionate basis.

Notwithstanding the foregoing, if the Proposed Distribution and Proposed Bonus Issue are implemented, all AIC Shares will be cancelled with the objective of returning to the shareholders of AIC their entitlements of the Aggregate Offer Consideration, and two (2) new AIC Shares are proposed to be issued to TFSB following the completion of the Proposed Disposal, Proposed Distribution and Proposed Bonus Issue.

The effects of the Proposed Warrant Scheme will mean that the issued and paid-up share capital of AIC will not be further enlarged through the exercise of the AIC Warrants following the cancellation of the exercise rights pursuant to the Proposed Warrant Scheme.

5.2 Earnings

The Proposed Distribution, Proposed Bonus Issue and Proposed Warrant Scheme are not expected to have any impact on the earnings of AIC.

The gain or loss arising from the Proposed Disposal will depend on the net assets ("**NA**") of AIC Group at the time of completion of the Proposed Disposal, the number of AIC Shares and AIC Warrants in issue at the time of completion of the Proposed Disposal, and the expenses/costs to be incurred in by AIC in connection with the Proposals.

Minimum Scenario

For illustrative purposes, based on:

- (i) the Aggregate Offer Consideration of approximately RM339.20 million under the Minimum Scenario; and
- (ii) the latest audited consolidated financial statements of AIC as at 31 December 2010, assuming the Proposals had been completed on 31 December 2010,

the Proposed Disposal would be expected to result in an estimated net gain on disposal (after deducting the estimated expenses in connection with the Proposals of RM1.20 million) of approximately RM212.39 million at AIC Group level.

Maximum Scenario

For illustrative purposes, based on:

- (i) the Aggregate Offer Consideration of approximately RM360.19 million under the Maximum Scenario; and
- (ii) the latest audited consolidated financial statements of AIC as at 31 December 2010, assuming the Proposals had been completed on 31 December 2010,

the Proposed Disposal would be expected to result in an estimated net gain on disposal (after deducting the estimated expenses in connection with the Proposals of RM1.20 million) of approximately RM207.14 million at AIC Group level.

The net gain on disposal and the existing reserves (i.e., all sums standing to the credit of the share premium account and retained profits account) or part thereof will be capitalised pursuant to the Proposed Bonus Issue for the purpose of the Proposed Distribution.

5.3 NA and gearing

The Proposed Warrant Scheme will have no impact on the NA per share and gearing of the AIC Group.

For illustrative purposes only, based on the latest audited consolidated financial statements of AIC as at 31 December 2010 and on the assumption that the Proposals had been completed on 31 December 2010, the proforma effects of the Proposals on the consolidated NA and gearing of AIC are set out in Appendix I of this announcement.

5.4 Convertible securities

As at 9 September 2011, save for the 26,230,129 outstanding AIC Warrants, AIC does not have any other convertible securities.

6. APPROVALS REQUIRED

6.1 The Proposed Disposal is subject to the approvals of the following:

- (i) the approval of the shareholders of AIC at an EGM to be convened (including for the Proposed Share Issue);
- (ii) the approval or consent of the financiers/creditors of AIC and/or its subsidiaries, where required, in each case to the extent that at the Completion Date, the same remain to be completed or performed or remain in force;
- (iii) the approval or consent of any other party which has entered into any subsisting arrangement, contract or undertaking with AIC and/or its subsidiaries, where required, in each case to the extent that at the Completion Date, the same remain to be completed or performed or remain in force; and
- (iv) the approval or consent of the SC, Bursa Securities, MITI, or any other relevant regulatory authority or foreign authority or person on terms acceptable to TFBSB, where required.

6.2 The Proposed Distribution is subject to the approvals of the following:

- (i) the approval of the shareholders of AIC at an EGM to be convened;
- (ii) the approval or consent of the financiers/creditors of AIC and/or its subsidiaries, where required;
- (iii) the approval of the SC for the distribution by AIC of assets other than cash pursuant to Section 212(2)(e) of the Capital Markets and Services Act, 2007;
- (iv) the grant of an order of the High Court confirming the Proposed Capital Reduction comprised in the Proposed Distribution; and
- (v) any other authorities or parties, where required.

6.3 The Proposed Share Issue is subject to the approval or consent of the SC.

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

- (i) the approval of shareholders of AIC at an EGM to be convened; and
- (ii) any other authorities or parties, where required.

6.5 The Proposed Warrant Scheme is subject to the approvals of the following:

- (i) the approval of the Warrant Holders at a court-convened warrant holders' meeting;
- (ii) the grant of an order of the High Court pursuant to Section 176 of the Act sanctioning the Proposed Warrant Scheme; and
- (iii) any other authorities or parties, where required.

6.6 The listing of and quotation for the TFBSB Shares to be issued in satisfaction of the Aggregate Offer Consideration will require approval from Bursa Securities.

7. INFORMATION ON TFSB

TFSB was incorporated in Malaysia on 15 July 2011 under the Act as a private limited company. The principal activity of TFSB is investment holding. The current directors of TFSB are:

- (i) Datuk Goh Tian Chuan; and
- (ii) Goh See Yen.

As at 9 September 2011, TFSB has an authorised share capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which RM2 comprising two (2) ordinary shares have been issued and fully paid-up, each of which is held by Datuk Goh Tian Chuan and Goh See Yen.

In conjunction with the proposed acquisition of the Target Companies, TFSB will be undertaking a share split exercise involving the subdivision of every one (1) existing ordinary share of RM1.00 each in TFSB into ten (10) TFSB Shares and will also be increasing its authorised and paid-up share capital to accommodate the proposed issuance of TFSB Shares pursuant to the proposed acquisition of the Target Companies.

8. INFORMATION ON AIC

8.1 Background information on AIC

AIC was incorporated as a private limited company in Malaysia under the Act on 6 March 1990 as Autoindustries Corporation Sdn Bhd. It was converted into a public limited company on 26 February 1994 and changed its name to Autoindustries Corporation Berhad. On 14 December 1994, Autoindustries Corporation Berhad was listed on the Second Board of the then Kuala Lumpur Stock Exchange (“**KLSE**”). On 28 April 1997, Autoindustries Corporation Berhad changed its name to AIC. AIC was transferred to the then Main Board of the KLSE on 31 July 2000. The Main Board of KLSE is now known as the Main Market of Bursa Securities.

AIC’s principal activity is investment holding whilst its subsidiaries are principally involved in the design, procurement, sales, assembly and test of integrated circuit chips and other ancillary activities and manufacture of high precision tooling, die-sets, semiconductor moulds and parts and high precision components, jigs and fixtures and the design and manufacture of turnkey automation systems.

As at 9 September 2011, AIC has an authorised share capital of RM500,000,000 comprising 500,000,000 AIC Shares, of which RM173,873,659 comprising 173,873,659 AIC Shares have been issued and credited as fully paid-up.

As at 9 September 2011, AIC has 26,230,129 AIC Warrants which are still outstanding.

The summary audited consolidated financial information of AIC Group for the past three (3) FYEs 31 December and the unaudited consolidated financial results of AIC for the six (6)-month financial period ended 30 June 2011 are set out in Appendix II of this announcement.

8.2 Information on AIC Business

As referred to in Section 2.1.2 of this announcement, the AIC Business to be acquired by TFSB pursuant to the Proposed Disposal mainly comprises the shares directly held by AIC in its subsidiaries.

8.2.1 Information on subsidiaries of AIC

The list of subsidiaries of AIC, including the original cost and date of investment by AIC, is set out in Appendix III of this announcement.

8.2.2 Information on properties held by AIC Group

The details of properties held by AIC Group are set out in Appendix IV of this announcement.

8.2.3 Information on liabilities

The liabilities of AIC to be transferred to and/or assumed by TFSB shall comprise all debts, liabilities, duties and obligations of AIC in respect of the carrying on of the AIC Business or in respect of all its rights, properties and assets to be sold and purchased pursuant to the Proposed Disposal or otherwise, of every description, whether deriving from contract, common law, statute or otherwise, whether in Malaysia or elsewhere and whether present or future, actual or contingent, ascertained or unascertained or disputed and whether owed or incurred severally or jointly and as principal or surety, vested or unvested, determined, determinable or otherwise howsoever and whether or not the same is required to be accrued in the accounts or financial statements of AIC, which for the avoidance of doubt shall include all amounts owing to creditors by AIC in connection with the AIC Business as at the Completion Date (whether or not invoiced and whether or not due and payable at that time), to be transferred to and/or assumed by TFSB (“AIC Liabilities”).

9. DIRECTORS’ AND MAJOR SHAREHOLDERS’ INTERESTS

Save as disclosed below, none of the Directors and major shareholders of AIC and/or persons connected with them have any interest, direct or indirect, in the Proposals.

9.1 Proposed Disposal

- (i) Datuk Goh Tian Chuan is the Executive Chairman, a major shareholder and a major warrant holder of AIC. As at 9 September 2011, he holds 20.42% direct equity interest and 4.77% indirect equity interest in AIC.

The table below reflects the direct and indirect equity interests and warrant holdings of Datuk Goh Tian Chuan and persons connected with him in AIC as at 9 September 2011:

Major shareholder/ Warrant Holder	Direct		Indirect		Direct		Indirect	
	No. of AIC Shares	%	No. of AIC Shares	%	No. of AIC Warrants	%	No. of AIC Warrants	%
	‘000		‘000		‘000		‘000	
Datuk Goh Tian Chuan	35,510	20.42	⁽¹⁾ 8,288	4.77	7,829	29.85	⁽¹⁾ 1,625	6.20
Cara Kaya Sdn Bhd	8,288	4.77	-	-	1,625	6.20	-	-

Note:

⁽¹⁾ Indirect interest by virtue of Section 6A of the Act held through his interest in Cara Kaya Sdn Bhd

Datuk Goh Tian Chuan and his son, Goh See Yen, are both directors and major shareholders of TFSB. TFSB is the purchaser under the Proposed Disposal, Proposed Jotech Business Disposal and Proposed AutoV Business Disposal. Therefore, Datuk Goh Tian Chuan is interested in the Proposed Disposal.

Accordingly, Datuk Goh Tian Chuan, has abstained and will continue to abstain from all deliberations and voting at the relevant Board meetings of AIC. Datuk Goh Tian Chuan will also abstain from voting in respect of his direct and indirect shareholdings in AIC on the resolution pertaining to the Proposed Disposal to be tabled at the EGM to be convened. Datuk Goh Tian Chuan has also undertaken to ensure that persons connected with him will abstain from voting in respect of their direct and/or indirect shareholdings on the resolution pertaining to the Proposed Disposal at the EGM to be convened.

- (ii) Jotech is a major shareholder of AIC and has a 16.12% direct equity interest in AIC as at 9 September 2011.

Datuk Goh Tian Chuan is a major shareholder of AIC and substantial shareholder of Jotech. He is also the Executive Chairman of AIC and Jotech. As such, Jotech is deemed a related party under the Proposed Disposal. Accordingly, Jotech will abstain from voting in respect of its direct shareholdings in AIC on the resolution pertaining to the Proposed Disposal to be tabled at the EGM to be convened. Jotech has also undertaken to ensure that persons connected with it will abstain from voting in respect of their direct and/or indirect shareholdings on the resolution pertaining to the Proposed Disposal at the EGM to be convened.

9.2 Proposed Distribution and Proposed Bonus Issue

The completion of the Proposed Disposal is, among others, conditional upon all requisite approvals in respect of the Proposed Distribution and Proposed Bonus Issue having been satisfied/fulfilled/obtained.

In view of the interests of Datuk Goh Tian Chuan and persons connected with him in the Proposed Disposal as described in Section 9.1(i) of this announcement, Datuk Goh Tian Chuan has accordingly abstained and will continue to abstain from all deliberations and voting at the relevant Board meetings of AIC pertaining to the Proposed Distribution and Proposed Bonus Issue. Datuk Goh Tian Chuan will also abstain from voting in respect of his direct and indirect shareholdings in AIC on the resolutions pertaining to the Proposed Distribution and Proposed Bonus Issue to be tabled at the EGM to be convened. Datuk Goh Tian Chuan has also undertaken to ensure that persons connected with him will abstain from voting in respect of their direct and/or indirect shareholdings on the resolutions pertaining to the Proposed Distribution and Proposed Bonus Issue at the EGM to be convened.

In view of the interests of Jotech in the Proposed Disposal as described in Section 9.1(ii) of this announcement, Jotech will abstain from voting in respect of its direct shareholdings in AIC on the resolutions pertaining to the Proposed Distribution and Proposed Bonus Issue to be tabled at the EGM to be convened. Jotech has also undertaken to ensure that persons connected with it will abstain from voting in respect of their direct and/or indirect shareholdings on the resolutions pertaining to the Proposed Distribution and Proposed Bonus Issue at the EGM to be convened.

None of the other Directors and/or major shareholders of AIC and/or persons connected with them have any equity interest, direct or indirect, in the Proposed Distribution and/or Proposed Bonus Issue, save for their respective entitlements under the Proposed Distribution and Proposed Bonus Issue, to which all other shareholders of AIC are also entitled.

9.3 Proposed Warrant Scheme

The completion of the Proposed Disposal is, among others, conditional upon all requisite approvals in respect of the Proposed Warrant Scheme having been satisfied/fulfilled/obtained.

In view of the interests of Datuk Goh Tian Chuan and persons connected with him in the Proposed Disposal as described in Section 9.1(i) of this announcement, Datuk Goh Tian Chuan has accordingly abstained and will continue to abstain from all deliberations and voting at the relevant Board meetings of AIC pertaining to the Proposed Warrant Scheme.

None of the other Directors and/or major shareholders of AIC and/or persons connected with them have any interest, direct or indirect, in the Proposed Warrant Scheme, save for their respective entitlements under the Proposed Warrant Scheme, to which all other Warrant Holders of AIC are also entitled.

10. RELATED PARTY TRANSACTION

In view of the interests disclosed in Section 9 of this announcement, the Proposed Disposal is a related party transaction pursuant to Chapter 10 of the Listing Requirements.

In compliance with the Listing Requirements, the non-interested Directors of AIC (which excludes Datuk Goh Tian Chuan) have therefore appointed OSK as the Independent Adviser to advise the non-interested Directors and non-interested shareholders of AIC.

There has been no related party transaction between AIC and Datuk Goh Tian Chuan for the preceding period of twelve (12) months prior to 9 September 2011.

11. DIRECTORS' STATEMENT

After taking into consideration the evaluation of the Audit Committee (as set out in Section 12 of this announcement) and all relevant aspects of the Proposed Disposal, including the fairness and reasonableness of the Aggregate Offer Consideration, the rationale as set out in Section 3 of this announcement and the salient terms of the Merger Agreement (as set out in Section 2.1.5 of this announcement), the non-interested Directors (which excludes Datuk Goh Tian Chuan) are of the opinion that the Proposed Disposal is in the best interests of AIC and our non-interested shareholders.

In view that the Proposed Distribution and Proposed Warrant Scheme are intended to facilitate the distribution of the Aggregate Offer Consideration arising from the Proposed Disposal to entitled shareholders of AIC and Warrant Holders, the Board is of the opinion that the Proposed Distribution is in the best interests of AIC.

In view that the Proposed Bonus Issue is intended to facilitate the Proposed Distribution, the Board is of the opinion that the Proposed Bonus Issue is in the best interests of AIC.

12. AUDIT COMMITTEE'S STATEMENTS

The Audit Committee of AIC, after taking into consideration the fairness and reasonableness of the Aggregate Offer Consideration and the rationale for the Proposals as set out in Section 3 of this announcement, is of the opinion that the Proposed Disposal is:

- (i) in the best interest of AIC;
- (ii) fair and reasonable and on normal commercial terms; and
- (iii) not detrimental to the interests of the non-interested shareholders of AIC.

13. PERCENTAGE RATIOS UNDER THE LISTING REQUIREMENTS

Pursuant to paragraph 10.02(g) of the Listing Requirements, the highest percentage ratio applicable to the Proposed Disposal is more than 100%.

14. JOINT FINANCIAL ADVISERS

As part of the terms of the Proposals, Maybank IB and Astramina Advisory Sdn Bhd have been appointed as the Joint Financial Advisers to prepare all submissions of AIC to the regulatory authorities, where required, and the circular to shareholders of AIC in relation to the Proposals. In addition, OSK has been appointed as the Independent Adviser to advise the non-interested Directors and non-interested shareholders of AIC on the Proposed Disposal.

15. ESTIMATED TIMEFRAME FOR APPLICATIONS TO AUTHORITIES AND COMPLETION

Barring any unforeseen circumstances, the applications to the relevant authorities, where required in respect of the Proposals are expected to be made within three (3) months from the date of this announcement.

The Proposals are expected to be completed by the first quarter of 2012.

16. DOCUMENTS FOR INSPECTION

The Merger Agreement is available for inspection following the date of this announcement for a period of three (3) months at the registered office of AIC located at Wisma AIC, Lot 3, Persiaran Kemajuan, Section 16, 40200 Shah Alam, Selangor Darul Ehsan during normal business hours (from 9.00 a.m. to 5.00 p.m.) from Mondays to Fridays (except public holidays).

This announcement is dated 15 September 2011.

NA and gearing

Based on the latest audited consolidated financial statements of AIC as at 31 December 2010, the proforma effect of the Proposals, which are provided for illustrative purposes assuming that the Proposals were effected on that date, on the NA and gearing of AIC Group is set out below:

Minimum Scenario

	Audited as at 31 December 2010	Proforma I	Proforma II	Proforma III	Proforma IV
	RM'000	RM'000	RM'000	RM'000	RM'000
Share capital	173,873	173,873	173,873	312,973	⁽³⁾ *
Share premium	4,437	4,437	4,437	-	-
Capital reserve	6,041	-	-	-	-
Revaluation reserve	1,302	-	-	-	-
(Accumulated losses)/Retained earnings	(51,492)	⁽²⁾ 160,893	134,663	-	-
Shareholders' funds	<u>134,161</u>	<u>339,203</u>	<u>312,973</u>	<u>312,973</u>	<u>*</u>
NA	134,161	339,203	312,973	312,973	*
Number of AIC Shares ('000)	173,873	173,873	173,873	312,973	⁽³⁾ *
NA per AIC Share (RM)	0.77	1.95	1.80	1.00	1.00
Borrowings ⁽¹⁾	28,321	-	-	-	-
Gearing ratios (times)	0.21	-	-	-	-

Notes:

* Negligible.

⁽¹⁾ All interest-bearing borrowings.

⁽²⁾ After taking into consideration the estimated net gain (after deducting the estimated expenses in relation to the Proposals of approximately RM1.20 million) on the Proposed Disposal of approximately RM212.39 million.

⁽³⁾ RM2.00 comprising two (2) AIC Shares.

Proforma I : Incorporates the effects of the Proposed Disposal at the Aggregate Offer Consideration of RM339.20 million and after setting off expenses incurred for the Proposals of approximately RM1.20 million against retained earnings.

Proforma II : Incorporates the effects of Proforma I and the Proposed Warrant Scheme.

Proforma III : Incorporates the effects of Proforma II and the Proposed Bonus Issue of 139.10 million bonus shares of RM1.00 each.

Proforma IV : Incorporates the effects of Proforma III, the Proposed Distribution via cancellation of 312.97 million AIC Shares (inclusive of 139.10 million bonus shares of RM1.00 each) and the Proposed Share Issue.

Maximum Scenario

	Audited as at 31 December 2010	Proforma I	Proforma II	Proforma III	Proforma IV
	RM'000	RM'000	RM'000	RM'000	RM'000
Share capital	173,873	200,103	200,103	360,187	(3) *
Share premium	4,437	4,437	4,437	-	-
Capital reserve	6,041	6,041	-	-	-
Revaluation reserve	1,302	1,302	-	-	-
(Accumulated losses)/Retained earnings	(51,492)	(51,492)	(2) 155,647	-	-
Shareholders' funds	<u>134,161</u>	<u>160,391</u>	<u>360,187</u>	<u>360,187</u>	<u>*</u>
NA	134,161	160,391	360,187	360,187	*
Number of AIC Shares ('000)	173,873	200,103	200,103	360,187	(3) *
NA per AIC Share (RM)	0.77	0.80	1.80	1.00	1.00
Borrowings ⁽¹⁾	28,321	28,231	-	-	-
Gearing ratios (times)	0.21	0.18	-	-	-

Notes:

* Negligible.

⁽¹⁾ All interest-bearing borrowings.⁽²⁾ After taking into consideration the estimated net gain (after deducting the estimated expenses in relation to the Proposals of approximately RM1.20 million) on the Proposed Disposal of approximately RM207.14 million.⁽³⁾ RM2.00 comprising two (2) AIC Shares.**Proforma I** : Incorporates the effects of the full conversion of 26.23 million AIC Warrants in issue.**Proforma II** : Incorporates the effects of the Proposed Disposal at the Aggregate Offer Consideration of RM360.19 million and after setting off expenses incurred for the Proposals of approximately RM1.20 million against retained earnings.**Proforma III** : Incorporates the effects of Proforma II and the Proposed Bonus Issue of 160.08 million bonus shares of RM1.00 each.**Proforma IV** : Incorporates the effects of Proforma III, the Proposed Distribution via cancellation of 360.19 million AIC Shares (inclusive of 160.08 million bonus shares of RM1.00 each) and the Proposed Share Issue.

Financial information of AIC Group

The table below sets out a summary of AIC Group's audited consolidated financial statements for three (3) FYEs 31 December 2008, 31 December 2009 and 31 December 2010 respectively and the unaudited financial information for the six (6)-month financial period ended 30 June 2011.

	Audited			Unaudited
	⁽¹⁾ FYE 31 December 2008	FYE 31 December 2009	FYE 31 December 2010	Six (6)-month financial period ended 30 June 2011
	RM'000	RM'000	RM'000	RM'000
Revenue	⁽²⁾ 126,472	133,380	167,400	72,343
Profit before tax	⁽²⁾ 649	10,681	17,543	8,201
Profit/(Loss) after tax and minority interest, segregated to:	(7,541)	8,517	15,569	7,189
- Continuing operations	(1,392)	8,517	15,569	7,189
- Discontinued operations	(6,149)	-	-	-
Shareholders' funds/NA	108,333	116,837	134,161	141,350
Weighted average no. of AIC Shares outstanding ('000)				
- Basic	150,845	173,873	173,873	173,873
- Diluted	150,845	173,873	⁽³⁾ 200,103	⁽³⁾ 200,103
Gross basic earnings per share ("EPS") (sen) ⁽⁴⁾	0.43	6.14	10.09	4.72
Net (loss per share)/EPS (sen)				
- Basic ⁽⁵⁾	(5.00)	4.90	8.95	4.13
- Diluted	⁽⁶⁾ N/A	⁽⁶⁾ N/A	⁽⁷⁾ 7.78	⁽⁷⁾ 3.59
No. of AIC Shares in issue ('000)	173,873	173,873	173,873	173,873
NA per AIC Share (RM)	0.62	0.67	0.77	0.81
Borrowings ⁽⁸⁾	45,367	37,082	28,321	22,880
Gearing (times) ⁽⁹⁾	0.42	0.32	0.21	0.16

Notes:

N/A Not applicable.

⁽¹⁾ The results of AIC Group for the FYE 31 December 2008 comprised of both continuing operations and discontinued operations. The discontinued operations were fully disposed in 2008. There were no discontinuing operations subsequent to FYE 31 December 2008.

⁽²⁾ In relation to Note 1 above, the revenue and profit before tax for the FYE 31 December 2008 relates to only the continuing operations.

⁽³⁾ The diluted weighted average number of AIC Shares in issue for the FYE 31 December 2010 and six (6)-month financial period ended 30 June 2011 was calculated based on the basic weighted average number of AIC Shares outstanding after incorporating the effects of conversion of AIC Warrants outstanding.

⁽⁴⁾ Gross basic EPS was calculated by dividing the consolidated profit before tax by the weighted average number of AIC Shares outstanding during the year.

⁽⁵⁾ Net basic EPS/loss per share was calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of our Company by the weighted average number of AIC Shares outstanding during the year.

⁽⁶⁾ The net diluted EPS was not presented for the FYE 31 December 2008 and 2009 as the effect of the assumed conversion of Warrants outstanding would be anti dilutive.

⁽⁷⁾ The net diluted EPS for the FYE 31 December 2010 and six (6)-month financial period ended 30 June 2011 was calculated based on the consolidated profit attributable to ordinary shareholders of our Company and the weighted average number of AIC Shares outstanding after adjustment for assumed conversion for the AIC Warrants.

⁽⁸⁾ All interest-bearing borrowings.

⁽⁹⁾ Computed based on total borrowings divided by the shareholders' fund.

Commentaries:**FYE 31 December 2008**

As a result of the global economic meltdown and an overall weak demand, AIC Group's revenue from continuing operations for FYE 31 December 2008 fell by RM10.8 million or 7.9% as compared to FYE 31 December 2007. The drop in revenue was due to lower contribution from the semiconductor division but was partly offset by the revenue contributed by Prodelcon Sdn Bhd, the newly acquired subsidiary and represents the precision tooling and automation division of AIC Group, in 2008.

In FYE 31 December 2008, AIC Group's net loss increased to RM7.5 million from a net loss of RM4.2 million in FYE 31 December 2007, out of which 97.3% or RM7.3 million (FYE 31 December 2007: RM4.1 million) of AIC Group's net loss in FYE 31 December 2008 were mainly losses suffered by the non-core business, the display and electronics divisions, which AIC have by August 2008 disposed off, in line with AIC Group's restructuring plans. The display division was principally involved in the design, development, manufacturing, marketing and sales of multimedia displays products and all related peripherals whereas the electronics division was principally involved in the manufacturing, assembly and sale of automotive components. In addition to the slump in revenue, AIC Group incurred a non-cash impairment loss on a quoted investment of RM7.4 million in FYE 31 December 2008 (FYE 31 December 2007: RM2.9 million) due mainly to the depressed equity market conditions. However, excluding the diminution/redemption losses on investment in 2008 and 2007, AIC Group's profits from continuing operations rose from RM2.8 million in FYE 31 December 2007 to RM6.0 million in FYE 31 December 2008.

FYE 31 December 2009

Despite the economic contraction and uncertainty in 2009, AIC Group's revenue posted an increase of 5.5% or RM6.9 million to RM133.4 million. This was attributable to the full year revenue contribution from the precision tooling and automation segment which was acquired towards the end of the third quarter of 2008. This increase was partially off set by a decline in the revenue contribution from the semiconductor division.

In tandem with the overall increase in revenue and better product mix, AIC Group registered a positive and significant turnaround of RM9.9 million or 707.1% in its results from continuing operations attributable to the shareholders of AIC from a net loss of RM1.4 million for FYE 31 December 2008 to a net profit of RM8.5 million for FYE 31 December 2009. This upturn was partly attributable to an increase in the profits and margins, despite a drop in revenue of the semiconductor division. The precision tooling and automation division however registered a decline in its contribution to the bottom line. FYE 31 December 2009 also represents the financial year in which AIC Group has returned to a full year profit since FYE 31 December 2002.

Commentaries (Cont'd):**FYE 31 December 2010**

Capitalising on the improved economic conditions, AIC Group continued to deliver another profitable year after returning to a full year of profit in FYE 31 December 2009 since FYE 31 December 2002. AIC Group's revenue posted an increase of 25.5% or RM34.0 million to RM167.4 million whereas net profit of AIC Group almost doubled from RM8.5 million to RM15.6 million.

The higher revenue registered was a result of all the divisions registering an increase in their revenue contributions as compared to in FYE 31 December 2009. In tandem with the overall increase in revenue, AIC Group's net profit increased by 83.5% to RM15.6 million. The higher net profits earned by AIC Group for FYE 31 December 2010 were achieved mainly due to the higher net profit contribution from the precision tooling and automation division. The semiconductor division however, despite the increase in its revenue for FYE 31 December 2010, logged in a lower net profit owing mainly to the relentless weakening of the United States Dollar against the RM and the escalating commodity prices.

Six (6)-month financial period ended 30 June 2011

For the six (6)-month financial period ended 30 June 2011, the AIC Group recorded a decrease in revenue of RM13.6 million or 15.8% to RM72.3 million as compared to revenue of RM85.9 million in the six (6)-months financial period ended 30 June 2010. In line with the decrease of revenue, the AIC Group also recorded a decrease in net profit of RM0.9 million or 11.1% to RM7.2 million as compared to RM8.1 million in the six (6)-month financial period ended 30 June 2011.

The main factor contributing to the weaker performance is the global financial crisis. The revenue contribution from the semiconductor segment declined as a result of weaker United States Dollar and lower demand from customers. However this drop in revenue was partly offset by an increase in revenue contribution from the precision tooling and automation segment.

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Information on subsidiaries of AIC

The details of AIC's subsidiaries as at 9 September 2011 are set out below:

<u>Name of companies</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Effective ordinary equity interest</u> %	<u>⁽¹⁾Original cost of investment</u>	<u>Date of investment</u>
<u>Subsidiaries of AIC</u>					
AIC Technology Sdn Bhd	Malaysia	Investment holding	100	43,130,350 14,000,000	08.06.1996 31.12.2007
Prodelcon Sdn Bhd	Malaysia	Manufacture of high precision tooling, die-sets, semiconductor moulds and parts and high precision components, jigs and fixtures and the design and manufacture of turnkey automation systems	100	⁽²⁾ 53,000,000	20.08.2008
AIC Inspirasi Sdn Bhd	Malaysia	Investment holding	100	2,058,824	25.06.1996
AIC Properties Sdn Bhd	Malaysia	Dormant	100	674,438 284,592	10.05.1997 03.01.2006
Custom Tooling (Malaysia) Sdn Bhd ("CTM")	Malaysia	Dormant	100	⁽³⁾ 1	⁽³⁾ 31.12.2008
Custom Tooling Engineering (Malaysia) Sdn Bhd ("CTEM")	Malaysia	Dormant	100	⁽³⁾ 1	⁽³⁾ 31.12.2008
Integral CAD Technologies Sdn Bhd	Malaysia	Dormant	100	9,997,463 157,397	21.08.1998 11.08.2004
AIC-Toptek Communications Sdn Bhd	Malaysia	Dormant	100	2	26.03.2003
<u>Subsidiary of AIC Technology Sdn Bhd</u>					
⁽⁴⁾ AIC Semiconductor Sdn Bhd	Malaysia	Design, procurement, sales, assembly and test of integrated circuit chips and other ancillary activities	94	⁽⁵⁾ 63,737,443	07.08.1996

APPENDIX III

<u>Name of companies</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Effective ordinary equity interest</u> %	<u>⁽¹⁾Original cost of investment</u>	<u>Date of investment</u>
<u>Subsidiary of Prodelcon Sdn Bhd</u>					
Isotrax Engineering Sdn Bhd	Malaysia	Has not commenced operations	100	2	21.03.2011
<u>Subsidiary of Integral CAD Technologies Sdn Bhd</u>					
Alpha Mediatech Sdn Bhd	Malaysia	Dormant	100	12,815	21.08.1998

Notes:

- ⁽¹⁾ Comprising investment in the ordinary and preference equity (where applicable) of the subsidiaries.
- ⁽²⁾ Before any fair value adjustment as required under Financial Reporting Standards 3, Business Combinations, on the shares issued as consideration paid for the acquisition of Prodelcon Sdn Bhd.
- ⁽³⁾ CTM and CTEM were indirect subsidiaries via Custom Tooling Holdings Sdn Bhd (which has already been disposed) initially before becoming direct subsidiaries of AIC on 31 Dec 2008. The above costs and dates of investment of CTM and CTEM reflect the costs and dates of investments by AIC.
- ⁽⁴⁾ AIC also has direct ordinary shareholdings of 19.09% in AIC Semiconductor Sdn Bhd.
- ⁽⁵⁾ Out of the total cost of investment of RM63,737,443, RM15,380,091 relates to the cost of investment in AIC Semiconductor Sdn Bhd made by AIC.

Information on properties held by AIC Group

The table below sets out the properties held by AIC Group as at 9 September 2011:

	<u>Location address</u>	<u>Land area/ Built-up area</u>	<u>Existing use</u>	<u>Age of building (years)</u>	<u>Tenure/ Date of expiry of lease</u>	<u>Encumbrance</u>	<u>Net book value as at 31 December 2010 RM</u>
1	Lot 26 & 27 Zone Perindustrian Phase 1 Kulim Hi-tech Industrial Park 09000, Kedah	513,140 sq ft/ Plant 1: 95,000 sq ft Plant 2: 89,000 sq ft	Office and factory building: assembly and test of integrated circuit chips	Plant 1: 14 Plant 2: 10	Lease over 60 years/ 19.08.2056	Charged to a licensed development bank for term loan facilities	35,275,680
2	Plot 78 Lintang Bayan Lepas 7, Phase IV Kawasan Perindustrian Bayan Lepas 11900, Pulau Pinang	66,000 sq ft/ 51,000 sq ft	Office and factory building: manufacture of semiconductor tooling products, automation systems and precision machining	16	60 years leasehold/ 10.07.2057	-	6,036,839
3	CL015028234 Kg Gudon, Jalan UMS (KK-Sulaman Highway) Kota Kinabalu, Sabah	7.808 acres	Vacant land	N/A	999 years leasehold/ 13.10.2924	-	11,033,201