

**Temasek Formation Sdn Bhd** (953031-A)  
312, 3rd Floor, Block C, Kelana Square  
17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan

29 July 2011

**The Board of Directors**  
**AIC CORPORATION BERHAD**  
Wisma AIC  
Lot 3, Persiaran Kemajuan  
Seksyen 16  
40200 Shah Alam

Dear Sirs,

**OFFER TO ACQUIRE THE ENTIRE BUSINESS AND UNDERTAKINGS,  
INCLUDING ALL ASSETS AND LIABILITIES, OF AIC CORPORATION BERHAD**

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**1. Introduction**

- 1.1 Proposed Acquisition: We, Temasek Formation Sdn. Bhd. [Company No. 953031-A] ("**TFSB**"), hereby make an offer ("**Offer**") to acquire the entire business and undertakings, including all assets and liabilities, of AIC Corporation Berhad ("**AIC**") upon the terms and conditions as set out herein and subject to the execution of the Merger Agreement (as hereinafter defined) ("**Proposed Acquisition**").
- 1.2 Merger Exercise Offer: TFSB is simultaneously making an offer on substantially the same terms and conditions to acquire the entire business and undertakings, including all assets and liabilities, of Jotech Holdings Berhad ("**Jotech**") and AutoV Corporation Berhad ("**AutoV**"). Such simultaneous offers, together with the Offer set out in this letter (collectively, the "**Merger Exercise Offer**"), shall constitute a single consolidated offer for the purposes of achieving the Merger (as hereinafter defined). Accordingly, subject to the acceptance by the Board of Directors of AIC, Jotech and AutoV (collectively, the "**Target Companies**") of the offers respectively issued to the Target Companies within the prescribed acceptance periods, it is intended that a definitive agreement ("**Merger Agreement**") is to be executed between the Target Companies and ourselves substantially upon the terms and conditions set out in the Merger Exercise Offer and such other terms and conditions to be agreed upon by the parties.
- 1.3 Rationale of Merger Exercise Offer: It is intended that the merger of the businesses and undertakings of the Target Companies ("**Merger**") and the combined businesses and merged entity under TFSB arising from the completion of the Merger Exercise Offer will create a more sizeable listed entity, thus enhancing economies of scale and giving rise to a stronger consolidated balance sheet and realising improved operational and administrative efficiencies.

## 2. Details of TFSB

- 2.1 TFSB is a special purpose private limited company incorporated in Malaysia on 15 July 2011. It is principally involved in investment holding. Our shareholders and directors are Datuk Goh Tian Chuan and Goh See Yen, each holding 50% direct equity interest in TFSB.
- 2.2 As at the date hereof, we have an authorised share capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 each. Our current issued and paid-up share capital as at the date hereof is RM2.00 comprising two (2) ordinary shares of RM1.00 each in TFSB. In conjunction with the Offer, we 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) ordinary shares of RM0.10 each ("**TFSB Shares**") and will also be increasing our authorised and paid-up share capital to accommodate the proposed issuance of TFSB Shares as more particularly set out in paragraph 3.5 of this letter.

## 3. Proposed Acquisition, Offer and Aggregate Offer Consideration

- 3.1 The Merger Exercise Offer is to acquire the entire businesses and undertakings of the Target Companies as at the date hereof, including all assets and liabilities of the Target Companies as at the completion of the Proposed Acquisition.
- 3.2 The entire business and undertakings of AIC as carried on by AIC as at the date hereof, including all assets and liabilities of AIC as at the completion of the Proposed Acquisition ("**AIC Business**"), is proposed to be acquired pursuant to the Offer at a total purchase consideration ("**Aggregate Offer Consideration**") equivalent to:
- (a) RM1.80 per ordinary share of RM1.00 each in AIC ("**AIC Share**"), being 20% 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 a date to be determined later; and
  - (b) RM1.00 per warrant 2008/2018 of AIC ("**Warrant**"), being 17% above the VWAMP of the Warrants for the five (5) market days up to and including 26 July 2011 of RM0.852, multiplied by the total outstanding number of Warrants in issue at a date to be determined later.
- 3.3 As at 28 July 2011, being the latest practical date ("**LPD**"), the total outstanding securities of AIC are as follows:
- (a) 173,873,659 AIC Shares; and
  - (b) 26,230,129 Warrants.

- 3.4 Based on the securities outstanding as at the LPD, the indicative Aggregate Offer Consideration is RM339,202,715.
- 3.5 The Aggregate Offer Consideration shall be wholly satisfied by the issuance of an equivalent value of new TFSB Shares 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 19.9% equity interest equivalent to 11,600,000 ordinary shares of RM1.00 each held in AutoV, being such TFSB Shares to which AIC will be entitled under the proposed capital reduction and repayment exercise to be undertaken by AutoV in connection with the implementation of the proposals contemplated under the Merger Exercise Offer.
- 3.6 For ease of reference, 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 Shares held by entitled shareholders of AIC and twenty-five (25) TFSB Shares for every three (3) Warrants held by holders of AIC Warrants as at the completion of the Proposed Acquisition.
- 3.7 The AIC Business to be acquired comprises all assets and liabilities in and outside of Malaysia, including without limitation all of AIC's subsidiaries, associates and joint ventures as set out in the annual report 2010 of AIC, and all the entities incorporated or acquired subsequent to the date of the annual report 2010 of AIC up to the date of completion of the Proposed Acquisition.
- 3.8 If AIC declares, makes and/or pays a dividend or other distribution of any nature whatsoever after the date hereof up to the completion of the Proposed Acquisition, 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.

#### **4. Proposed Distribution**

- 4.1 Upon completion of the Proposed Acquisition, AIC may be classified as a "Cash Company" pursuant to Paragraph 8.03(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**"), in which event AIC will fall within the ambit of the cash company criterion under Paragraph 8.03(1) of the Listing Requirements and, as an affected listed issuer, under Practice Note 17 of the Listing Requirements.
- 4.2 Accordingly, we propose that, upon completion of the Proposed Acquisition, AIC shall, subject to obtaining all requisite approvals, implement:
- (a) a capital reduction exercise ("**Proposed Capital Reduction**") in accordance with sections 60(2) and/or 64 of the Companies Act, 1965 ("**Companies 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 of Malaya pursuant to sections 60(2) and/or 64 of the Companies Act; and

- (b) a capital repayment exercise ("**Proposed Capital Repayment**") involving –
  - (i) the distribution-in-specie of the TFSB Shares to be received by AIC upon completion of the Proposed Acquisition to all the entitled shareholders of AIC; and
  - (ii) the distribution-in-specie of the TFSB Shares to be received by Jotech arising from its entitlement to the TFSB Shares pursuant to its existing 19.9% equity interest held by AIC in AutoV to all the entitled shareholders of AIC.

4.3 In connection with the Proposed Acquisition, TFSB shall simultaneously with the implementation of the Proposed Capital Repayment (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 Capital Reduction and Proposed Capital Repayment (collectively, 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.

4.4 In order to facilitate the Proposed Distribution, AIC may be required to undertake a bonus issue of shares (which shall not be credited to entitled shareholders and shall immediately be cancelled pursuant to the Proposed Capital Reduction) as well as an increase to its authorised share capital to facilitate such bonus issue and amendments to its memorandum and articles of association consequential thereto.

4.5 AIC shall undertake not to transfer, assign and/or dispose of any of the TFSB Shares to be received as consideration for the disposal of the AIC Business to any third party so as to ensure the implementation of the Proposed Distribution.

## 5. **Proposed Warrant Scheme**

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

## **6. Listing of TFSB**

- 6.1 Upon completion of the Proposed Distribution and the Proposed Warrant Scheme, the listing status of any one of AIC, Jotech or AutoV will be assumed by TFSB and TFSB will make an application to the Securities Commission (“SC”) and Bursa Securities for the listing of and quotation for the TFSB Shares on the Main Market of Bursa Securities, subsequent to TFSB being converted into a public limited company.
- 6.2 If the transfer of listing status is from Jotech or AutoV to TFSB, AIC shall be de-listed from the Official List of Bursa Securities.

## **7. Covenants pending completion**

- 7.1 The Offer is subject to AIC and its subsidiaries not doing any of the following from the date of this Offer until completion of the Proposed Acquisition, or earlier termination of the Offer pursuant to the terms of this letter or the Merger Agreement, without the prior approval in writing of TFSB:
- (a) making or permitting 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 AIC Shares and grant of any options over AIC Shares or issuance of any new AIC Shares, save and except for the issuance of AIC Shares pursuant to the exercise of the Warrants;
  - (b) disposing of or transferring, or permitting 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 hereof or agreements entered into after the date hereof 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) acquiring or permitting 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 hereof 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) declaring or paying or supporting 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 hereof;
- (e) entering into any related party transaction (within the meaning prescribed by the 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) entering into any long-term contract or capital commitment for the supply of goods or services for the 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) creating, extending, granting or issuing or agreeing 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) conducting any form of capital raising exercise, either in the form of debt and/or equity;
- (i) passing 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 AIC Business or Proposed Distribution or any proposals related thereto) of AIC and/or its subsidiaries;
- (j) incurring 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) making any material change to the terms and conditions or extending the current employment of or appointing any senior management in AIC and/or its subsidiaries;
- (l) doing or causing or allowing 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) doing or causing or allowing 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) diluting 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.

7.2 AIC shall further undertake that, as from the date hereof until the completion of the Proposed Acquisition, it (and it shall use reasonable endeavours to cause and procure that each of its subsidiaries) shall carry on its business only in the usual, regular and ordinary course in substantially the same manner as the same is carried on as of the date hereof.

7.3 TFSB shall ensure that it offers employment to the existing employees of AIC (subject to their agreement, if required) with effect from the date of completion of the Proposed Acquisition on terms and conditions that are no less favourable than those applicable to such employees immediately prior to the completion of the Proposed Acquisition.

## 8. **Conditions Precedent**

8.1 Following the acceptance of the Offer, the Proposed Acquisition shall be subject to the following conditions precedent ("**Conditions Precedent**") being satisfied/fulfilled/obtained within nine (9) months (or such longer period as may be agreed between the parties) ("**Conditions Period**") from the date of the Merger Agreement:

### (i) **In connection with the Proposed Acquisition:**

- (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 ("**Proposed Disposal**");
- (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 of the Proposed Acquisition 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 of the Proposed Acquisition the same remain to be completed or performed or remain in force;

- (d) the approval or consent of the SC, Bursa Securities, Ministry of International Trade and Industry or any other relevant regulatory authority or foreign authority or person, on terms acceptable to TFSB, where required;
- (e) TFSB being reasonably satisfied that all 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 respect of the proposed acquisitions of the assets and liabilities of Jotech and AutoV 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.

**(ii) 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 or consent of the SC;
- (d) the grant of an order of the High Court of Malaya confirming the Proposed Capital Reduction comprised in the Proposed Distribution; and
- (e) all conditions precedent applicable in respect of the proposed capital reduction and distribution exercises of 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.

**(iii) In connection with the Proposed Warrant Scheme:**

- (a) the approval of the warrant holders of AIC at a Court-convened warrant holders' meeting;
- (b) the grant of an order of the High Court of Malaya pursuant to section 176 of the Companies Act sanctioning the Proposed Warrant Scheme; and
- (c) all conditions precedent applicable in respect of the proposed warrant scheme exercise of Jotech pursuant to the Merger Exercise Offer

having been fulfilled or obtained in accordance with the terms and conditions of the Merger Agreement.

**(iv) Generally:**

any other approvals of any authorities or parties as may be deemed necessary by the parties.

**8.2 Inter-conditionality**

(a) The completion of the Proposed Acquisition is subject to all requisite approvals in respect of the Proposed Distribution and the Proposed Warrant Scheme having been satisfied/fulfilled/obtained.

(b) Completion of the Proposed Distribution and the Proposed Warrant Scheme shall be subject to the completion of the Proposed Acquisition.

8.3 Each party shall co-operate and use their respective best endeavours to obtain the approvals, consents and order described in paragraph 8.1 above and any other approvals of any authorities or parties deemed necessary by the parties.

8.4 Notwithstanding anything to the contrary, if the Conditions Precedent are not satisfied on or before the expiry of the Conditions Period, then the Offer (and any contract constituted under the Offer) shall forthwith lapse and cease to have any further force or effect and thereafter neither of the parties shall have any further rights against the other.

8.5 Unless otherwise required by law, we shall be entitled to waive in writing any of the approvals, consents, waivers, exemptions, relief and/or requirements provided, required or envisaged under the Offer which are not required by operation of law.

**9. Interests of persons connected**

TFSB will ensure that its connected persons in AIC will abstain from board deliberation and voting at the relevant board meetings on the Proposed Disposal. TFSB will also ensure that the said parties shall abstain from voting on the resolution for the Proposed Disposal at any general meeting to be convened.

**10. Completion**

10.1 Provided that there has been no breach of the provisions of paragraph 7 above or any term or condition of the Merger Agreement, completion of the Proposed Acquisition pursuant to the Merger Agreement shall take place within one hundred twenty (120) days after the last of the following shall have occurred:

- (a) the satisfaction of all of the Conditions Precedent within the Conditions Period; and
  - (b) the approval of the SC and Bursa Securities for the listing of TFSB,
- or such other date as mutually agreed in writing by the parties.
- 10.2 For the avoidance of doubt, the completion of the Proposed Acquisition of the AIC Business shall be undertaken and take place simultaneously with the completion of the proposed acquisition of the entire businesses and undertakings (including all assets and liabilities) of Jotech and AutoV.
- 10.3 In the event completion of the Proposed Acquisition does not take place in accordance with the provisions of paragraph 10.1 above, the consequences of non-fulfilment of the Conditions Precedent stipulated in paragraph 8.4 above shall apply *mutatis mutandis*.
- 10.4 On the date of completion of the Proposed Acquisition, or such later date as may be determined by TFSB, the AIC Business will be transferred and conveyed to TFSB or any other person as may be nominated by TFSB. Such transfer and conveyance shall be completed by AIC delivering to TFSB (or such person nominated by TFSB) the AIC Business, in such manner as shall be necessary to confer legal and beneficial ownership on the transferee, whether by transfer, physical delivery, assignment or novation.

## 11. **Governing law**

The Offer and any agreement constituted by the acceptance of the Offer shall be governed by and construed in accordance with the laws of Malaysia and each party submits to the non-exclusive jurisdiction of the courts of Malaysia.

## 12. **Default**

- 12.1 Either AIC or TFSB ("**Non-Defaulting Party**") may (but shall not be obliged to) forthwith terminate this letter by written notice to the other party ("**Defaulting Party**") if the Defaulting Party is in breach of any term or condition of this letter and:
- (i) such breach is incapable of being remedied; or
  - (ii) where capable of remedy, is not remedied within fourteen (14) days of receipt of notice in writing by the Non-Defaulting Party specifying the nature of the breach and requiring such remedy.
- 12.2 Such termination shall be without prejudice to the Non-Defaulting Party's rights and remedies under law. The Non-Defaulting Party shall be entitled to claim damages from the Defaulting Party in respect of such breach, and in such event all cost incurred in connection with this Offer shall be borne and paid by the Defaulting Party on a solicitor-client basis.

12.3 In no event will either party be liable to the other party for any indirect loss, including loss of profits or business, or any exemplary, indirect, incidental, consequential or punitive damage of any kind whatsoever in respect of any breach or termination of this letter, even if the other party has been advised of the possibility of such damage.

### **13. Acceptance period**

13.1 The Offer shall remain open for acceptance until 5.00 p.m. on **29 August 2011**, after which it shall immediately lapse, unless we agree in writing to extend the period during which the Offer shall continue to be valid.

13.2 If you wish to accept this Offer on the terms and conditions stated herein, please execute the enclosed duplicate of this letter at the place indicated, and return the same to us so as to be received by us by the time and date stated in paragraph 13.1 above.

### **14. Additional terms**

14.1 Neither party shall make any announcement or disclosure in relation to the Proposed Acquisition, the Proposed Distribution, the Proposed Warrant Scheme and the Proposed Disposal (collectively, the "**Proposals**") without the prior consent of the other party, except as required under law, by the Listing Requirements, by an order of a court of competent jurisdiction or any relevant regulatory body. Further, any information that the parties may obtain concerning the Proposals or the affairs or assets of the other party will be kept confidential and will not be used for any purpose other than in connection with the Proposals and its completion.

14.2 Each party shall use all reasonable endeavours to negotiate and finalise the terms and conditions of the Merger Agreement (incorporating all the terms set out in this letter and the detailed procedures for the completion of the Proposals) and enter into the Merger Agreement within thirty (30) days from the date of acceptance of the Offer or such other period as the parties may agree in writing. Each party will pay its own costs and expenses in connection with the negotiation, execution and completion of the Merger Agreement and TFSB shall pay any stamp duty payable in respect of the Merger Agreement.

### **15. Joint advisers in respect of Proposals**

For your information, Maybank Investment Bank Berhad and Astramina Advisory Sdn. Bhd. have been appointed as the joint advisers to TFSB.

**16. Contact persons**

Should you require any clarification on the foregoing, please contact the following persons:

<b>Name</b>	<b>Designation</b>	<b>Tel No.</b>	<b>Email Address</b>
Lee Jiann Liang	Director, Head of Corporate Finance Maybank Investment Bank Berhad	03-2059 1829	<a href="mailto:jiannliang@maybank-ib.com">jiannliang@maybank-ib.com</a>
Wong Muh Rong	Managing Director Astramina Advisory Sdn. Bhd.	03-2026 7282	<a href="mailto:muhrong@astramina.com">muhrong@astramina.com</a>

In the meantime, we thank you for your kind consideration of the Offer, and we look forward to your favourable response.

Yours faithfully,  
for and on behalf of  
**TEMASEK FORMATION SDN. BHD.**



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**Datuk Goh Tian Chuan**  
Director

**Acceptance of Offer**

We, AIC Corporation Berhad [Company No. 194514-M], confirm that we accept the Offer (which forms part of the Merger Exercise Offer) on the terms stated in this letter dated 29 July 2011. We further represent and warrant that as from the date of this letter until the date of our acceptance of the Offer, AIC Corporation Berhad has not undertaken any transactions as set out in paragraph 7.1 of this letter.

**Signed** for and on behalf of  
**AIC CORPORATION BERHAD**

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**Name:**  
Director

Date :