

General AnnouncementReference No **AC-080731-72734**

Company Name : **AIC CORPORATION BERHAD**
Stock Name : AIC
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Type : Announcement
Subject : Divestment of Subsidiary

Contents : On behalf of the Board of Directors of AIC, we wish to announce that AIC had on 1 August 2008 entered into a sale and purchase agreement (“SPA”) to divest its entire equity interest in AIC Display Sdn Bhd (“AICD”), a wholly-owned subsidiary of AIC to Lira Mewah Sdn Bhd (“LMSB”). Please refer to the attachment as per below for further details on the SPA.

Attachments : [ann_divestIAICD_2008.pdf](#)

Announcement Details :

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AIC CORPORATION BERHAD (“AIC” OR “THE COMPANY”) DIVESTMENT OF SUBSIDIARY

*** Contents :-**

1. INTRODUCTION

On behalf of the Board of Directors of AIC, we wish to announce that AIC had on 1 August 2008 entered into a sale and purchase agreement (“SPA”) to divest its entire equity interest in AIC Display Sdn. Bhd. (“AICD”), a wholly-owned subsidiary of AIC to Lira Mewah Sdn. Bhd. (“LMSB”).

2. THE DIVESTMENT

On 1 August 2008, AIC and LMSB entered into the SPA for the disposal by AIC of the entire equity interests in AICD, comprising of 9,500,000 ordinary shares of RM1.00 each in AICD (“AICD Shares”) for a cash consideration of RM1,000,000 (“Divestment”). The cash consideration shall be utilised for working capital purposes.

The Consideration of RM1,000,000 was arrived at on a willing buyer-willing seller basis after taking into consideration the unaudited consolidated net assets (“NA”) value of AICD and its subsidiaries (“AICD Group”) as at 31 July 2008 of approximately RM1.0 million.

For illustrative purposes, based on the consolidated NA value of the AICD Group as at 31 July 2008, the Divestment is expected to result in a net loss on disposal of approximately RM15,000 to the consolidated financial statements of AIC for the financial year ending 31 December 2008.

AIC and LMSB will not assume any additional liabilities under the Divestment.

The original date and cost of investment in AICD by AIC is 26 June 2003 and RM9.5 million respectively.

3. BACKGROUND INFORMATION

3.1 Background information on AICD

AICD was incorporated in Malaysia on 26 June 2003 as Matrix Meridian Sdn. Bhd. and changed its name to AIC-MTN Corporation Sdn. Bhd. on 5 September 2005 and subsequently to its current name on 3 February 2005. AICD is principally an original equipment manufacturer of flat panel display products. AICD has an authorised share capital comprising of 10,000,000 ordinary shares of RM1.00 each of which 9,500,000 ordinary shares of RM1.00 each are issued and credited as fully paid up.

AICD has two wholly owned subsidiaries, AIC Microelectronics Sdn. Bhd. (“AICM”) and AIC Display GmbH (“AICD GmbH”). AICM is principally involved in the design and development of flat panel display products whereas AICD GmbH is inactive.

The unaudited revenue, net losses and net liabilities of AICD for the three month financial period ended 31 March 2008 amounted to RM0.3 million, RM2.3 million and RM4.1 million respectively.

3.2 Background Information on LMSB

LMSB was incorporated in Malaysia on 28 July 2004. LMSB is principally engaged in the electrical and electronic appliances business. LMSB has an authorised share capital comprising of 1,000,000 ordinary shares of RM 1.00 each of which 500,000 ordinary shares of RM 1.00 each are issued and credited as fully paid up.

4. SALIENT TERMS OF THE SPA

The salient terms of the SPA include *inter-alia*, the following:-

- (i) LMSB shall acquire the AICD Shares free from all claims, charges, liens, encumbrances and equities whatsoever together with all rights attached thereto and all dividends, rights and distributions declared paid or made in respect thereof as at the completion of the Divestment on an as-is-where-is basis upon the terms and subject to the conditions contained in the SPA; and
- (ii) The Consideration of RM1,000,000 shall be satisfied by cash/banker's draft/cashier's order on the date of the SPA.

5. RATIONALE FOR THE DIVESTMENT

The AIC group of companies ("AIC Group") had since 2006 commenced the implementation of its strategic plans to streamline its businesses through the divestment of its interest in the precision stamping, electronics components distribution and electronics businesses. Concurrently, the AIC Group plans to focus primarily in the semiconductor and its related business. The Divestment represents a divestment of our non-core assets, a move that is in line with the AIC Group's strategic plans. Moreover, the display business of the AICD Group represents a loss-making business of the AIC Group.

6. EFFECTS OF THE DIVESTMENT

a) Share Capital and Substantial Shareholding

The Divestment will not have any effect on the share capital and substantial shareholding of the Company.

b) NA and Gearing

The proforma effects of the Divestment on the consolidated NA and consolidated NA per AIC share and gearing of AIC Group based on the audited financial statements for the FYE 31 December 2007 are shown in Table 1 below.

c) Earnings

For illustrative purposes, based on the consolidated NA value of the AICD Group as at 31 July 2008, the Divestment is expected to result in a minimal net loss on disposal of RM15,000 or 0.01 sen per AIC share.

d) Dividends

The Divestment is not expected to affect the dividend policy of the Company as future dividend payable by the Company would be dependent on the future profitability and cash flow position of the AIC Group.

7. DIRECTORS' STATEMENT

The Board of Directors of AIC is of the opinion that the Divestment is in the best interest of the AIC Group.

8. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

None of the Directors and major shareholders of AIC nor persons connected with them has any interest, direct or indirect, in the Divestment.

9. APPROVALS AND APPLICATION TO AUTHORITIES

The Divestment is not subject to the approval of the shareholders of the Company and any authority.

10. DOCUMENTS FOR INSPECTION

The SPA may be inspected at the registered office of AIC at Wisma AIC, Lot 3, Persiaran Kemajuan, Section 16, 40200 Shah Alam, Selangor Darul Ehsan during normal business hours from Monday to Friday (except public holidays) for a period of three (3) months from date of this announcement.

This announcement is dated 1 August 2008.

Table 1
Proforma Effects to the NA of the AIC Group

		(I)	(II)	(III)
	Audited As at 31 December 2007	After Rights Issue ⁽¹⁾	After (I) and divestment of the Electronics Division ⁽²⁾	After (II) and the Divestment
	RM 000	RM 000	RM 000	RM 000
Share capital	117,520	146,373	146,373	146,373
Reserves	15,673	15,673	13,676	13,676
Accumulated losses	(58,392)	(59,050)	(57,933)	(57,948) ⁽³⁾
NA	74,801	102,996	102,116	102,101
NA per share (RM)	0.64	0.70	0.70	0.70
Total borrowings	62,733	35,233	35,233	35,233
Gearing (times)	0.84	0.34	0.35	0.35

Notes:

⁽¹⁾ After accounting for a rights issue of the Company which was completed on 18 March 2008. Please refer to the Company's Abridged Prospectus dated 18 February 2008 for details on the Rights Issue.

⁽²⁾ After accounting for the AIC Group's divestment of its entire equity interest in Brimal Holdings Sdn Bhd and Autovisor Plastics Sdn Bhd (which collectively represents the Electronics Division of the AIC Group), which was completed on 14 April 2008. Please refer to the Company's announcement dated 19 September 2007 for details on the said divestment.

⁽³⁾ After accounting for the expected loss on disposal of the AICD Group of RM15,000.