

General Announcement

Reference No **AC-060906-66098**

Company Name : **AIC CORPORATION BERHAD**

Stock Name : **AIC**

Date Announced : **06/09/2006**

Type : **Announcement**

Subject : **AIC CORPORATION BERHAD ("AIC" OR "THE COMPANY")
DIVESTMENT OF SHARES IN JOTECH HOLDINGS BERHAD ("JOTECH")
("DIVESTMENT")**

Contents :

1. INTRODUCTION

On behalf of the Board of Directors of AIC, AIC wishes to announce that AIC had on 6 September 2006, disposed 20,000,000 of its ordinary shares of RM1.00 each in Jotech ("Jotech Shares"), at a price of RM0.86 per Jotech Share ("Placement Price") through the Company's placement agent.

2. DETAILS OF THE DIVESTMENT

The Divestment will result in the disposal of AIC's 30.96% shareholding in Jotech. Consequent to the Divestment, AIC will own only 399,990 Jotech Shares, representing 0.62% shareholding in Jotech.

The Placement Price was based on a discount of not more than 10% from the five (5)-day weighted average market price of Jotech up to 5 September 2006 of RM0.9523. The aggregate value of the consideration for the Divestment amounts to RM17.2 million.

Based on the carrying value of the investment in Jotech as at 30 June 2006, the Divestment will result in a net loss on disposal of approximately RM11.0 million to the consolidated financial statements of AIC for the financial year ending 31 December 2006.

The original cost of investment is approximately RM11.8 million and the date of the investment is 31 July 1995.

3. BACKGROUND INFORMATION ON JOTECH

Jotech was listed on the Second Board of Bursa Malaysia Securities Berhad on 9 August 2000. Jotech is an investment holding company whilst its subsidiaries are principally involved in precision metal stamping, manufacture and sales of electronic products and manufacture of semiconductor tooling and automation systems.

4. UTILISATION OF PROCEEDS

The net proceeds from the Divestment of RM17.2 million shall be utilised to repay bank borrowings.

5. RATIONALE

The Divestment will enable AIC and its subsidiaries ("AIC Group") to have a better cash flow management to meet its financial obligations. The Divestment is to enable the AIC Group to

streamline the group, focusing on its existing technology business.

6. EFFECTS

a) Share Capital and Substantial Shareholders' Shareholding Structure

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

b) Net Asset ("NA")

The proforma effects of the Divestment on the consolidated NA of the AIC Group based on the audited financial statements for the financial year ended 31 December 2005 are shown in Table 1 below.

c) Earnings

The Divestment is expected to result in a net loss on disposal of approximately RM11.0 million for the financial year ending 31 December 2006. However the repayment of bank borrowings is expected to register interest savings of approximately RM1.0 million per annum.

7. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST

None of the Directors and substantial shareholders of AIC has any interest, direct or indirect, in the Divestment.

8. APPROVALS

The Divestment is not subject to the approval of shareholders of AIC or any regulatory authorities.

9. DIRECTORS' STATEMENT

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

This announcement is dated 6 September 2006.



Table 1.doc

© 2007, Bursa Malaysia Berhad. All Rights Reserved.