



6 February 2009

The Board of Directors
Amsteel Corporation Berhad
Level 46, Menara Citibank
165 Jalan Ampang
50450 Kuala Lumpur

Dear Sirs,

**AMSTEEL CORPORATION BERHAD ("ACB" or the "OFFEREE")
NOTICE OF CONDITIONAL VOLUNTARY TAKE-OVER OFFER**

1. INTRODUCTION

On behalf of Lion Corporation Berhad ("**LCB**") and its wholly-owned subsidiary, Limpahjaya Sdn Bhd ("**Limpahjaya**") (collectively referred to as the "**Joint Offerors**"), AmInvestment Bank Berhad (a member of the AmInvestment Bank Group) ("**AmInvestment Bank**") writes to notify you of the Joint Offerors' intention to make a conditional voluntary take-over offer to acquire the remaining 797,800,077 ordinary shares of RM1.00 each fully paid in ACB ("**ACB Shares**") not already held by the Joint Offerors, representing approximately 59.9% of ACB's existing issued and paid-up share capital ("**Offer Shares**"), to be satisfied by the issue and allotment of one (1) new warrant in LCB ("**LCB B Warrants**") for every ten (10) ACB Shares held ("**Offer**").

In conjunction with the Offer, the Joint Offerors shall accept the Offer Shares from holders of the Offer Shares ("**Holders**") who accepts the Offer ("**Accepting Holders**").

AmInvestment Bank, on behalf of the Joint Offerors, hereby serves this notice of Offer on the Board of Directors of ACB ("**ACB Board**") ("**Notice**").

This Notice and the Offer are subject to conditions detailed herein.

2. BACKGROUND TO THE OFFER

On 21 May 2008, LCB announced that the LCB Group proposes to undertake a corporate and debt restructuring exercise to address its debt obligations to redeem/repay the zero-coupon redeemable secured RM denominated bonds issued by LCB on 14 March 2003 ("**LCB Bonds**") and zero-coupon redeemable secured USD denominated consolidated and rescheduled debt issued by LCB on 14 March 2003 ("**LCB USD Debts**") pursuant to the group wide restructuring scheme implemented in March 2003 ("**Proposed LCB Scheme**"). Simultaneously, ACB, a 40.1% owned associated company of LCB also proposes to undertake a corporate and debt restructuring exercise to address its debt obligations to redeem/repay the zero-coupon redeemable secured RM denominated bonds issued by ACB on 14 March 2003 ("**ACB Bonds**") and zero-coupon redeemable secured USD denominated consolidated and rescheduled debt issued by Amsteel Harta (L) Limited ("**ACB SPV**"), a wholly-owned subsidiary of ACB on 14 March 2003 ("**ACB SPV Debts**") pursuant to the group wide restructuring scheme implemented in March 2003 ("**Proposed ACB Scheme**"). The Proposed LCB Scheme and the Proposed ACB Scheme shall collectively be referred to as the "**Proposed CDRS**".

AmInvestment Bank Berhad (23742-V)

(Formerly known as AmMerchant Bank Berhad) A member of the AmInvestment Bank Group (A Participating Organisation of Bursa Malaysia Securities Berhad)
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The Joint Offerors are offering the Holders an avenue to realise their investments in ACB (which was delisted on 11 October 2007) by way of exchanging their shareholdings in ACB for the LCB B Warrants proposed to be listed on the Main Board of Bursa Malaysia Securities Berhad ("**Bursa Securities**").

The Offer is conditional upon the Proposed CDRS.

3. THE OFFER

On behalf of the Joint Offerors, AmInvestment Bank hereby serves this Notice in respect of the Offer, on the ACB Board.

As at 5 February 2009 (being the latest practicable date prior to the service of this Notice) ("**LPD**"), the Joint Offerors hold 533,374,735 Shares in the Offeree, representing 40.1% of the issued and paid-up capital of the Offeree.

There are no persons acting in concert with the Joint Offerors for the purpose of the Offer.

To accept the Offer, Holders shall refer to the procedures for acceptance as detailed in a document outlining the Offer together with the Form of Acceptance and Transfer for the Offer Shares ("**Form of Acceptance and Transfer**") ("**Offer Document**") to be despatched to them in due course. The Offer will be made to each of the holders of the Offer Shares equally and in respect of all of their Offer Shares.

4. INFORMATION ON THE JOINT OFFERORS

4.1 LCB

LCB was incorporated in Malaysia on 27 September 1972 under the Companies Act, 1965 ("**Act**") as a private limited liability company under the name of Lion (Teck Chiang) Sdn Berhad. It subsequently changed its name to Lion Corporation Sdn Bhd on 18 May 1981. It was converted into a public company and adopted its current name on 30 May 1981.

LCB is an investment holding company whose subsidiaries are involved in the manufacturing and marketing of steel products such as hot rolled coils, cold rolled coils, bands, plates and sheets; manufacturing, distribution and trading of office equipment and steel related products; share registration and secretarial services; and the assembly, sale and distribution of commercial vehicles.

As at LPD, the authorised share capital of LCB is RM3,000,000,000 comprising 3,000,000,000 ordinary shares of RM1.00 each ("**LCB Shares**"), of which 1,005,117,831 ordinary shares have been issued and fully paid-up.

4.2 LIMPAHJAYA

Limpahjaya was incorporated in Malaysia on 13 February 1986 as a private limited liability company under the Act. It is principally an investment holding company.

As at LPD, Limpahjaya's authorised share capital is RM25,000 comprising 17,800 ordinary shares of RM1.00 each and 720,000 preference shares of RM0.01 each. The issued and paid-up share capital is RM7,202 comprising 2 ordinary shares of RM1.00 each and 720,000 preference shares of RM0.01 each.

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5. TERMS AND CONDITIONS OF THE OFFER

The principal terms and conditions of the Offer, unless otherwise directed or permitted to be varied by the Securities Commission (“SC”), will be as follows:-

5.1 Despatch of Offer Document

Subject to the approvals of all the relevant authorities being received and barring unforeseen circumstances or unless otherwise directed or permitted by the SC to defer in doing so, the Joint Offerors shall despatch the Offer Document within twenty-one (21) days from the date hereof. The Offer Document will be despatched to the ACB Directors and all the Holders, whose names appear in the Record of Depositors of the Offeree as at the latest practicable date prior to the despatch of the Offer Document.

5.2 Consideration for the Offer

Each Holder is offered one (1) LCB B Warrant for every ten (10) existing ACB Shares held. The salient terms and conditions of the LCB B Warrants are as set out in Appendix I.

Notwithstanding the provision in Section 5.4 below, in the event ACB declares, makes or pays any dividend and/or other distributions after the date of the Offer Document but prior to the close of the Offer which the Joint Offerors are not entitled to retain, the consideration for each Offer Share shall be reduced by the quantum of the net dividend and/or other distributions declared, made or paid.

Any fractional entitlements arising from the Offer will be disregarded and shall be dealt with in such manner as the Joint Offerors may in their sole and absolute discretion deem expedient or to be in the best interest of the Joint Offerors.

Holders of the Offer Shares may accept the Offer in respect of all or any of their Offer Shares.

5.3 Condition of the Offer

The Offer is conditional upon the Joint Offerors receiving by 5.00 pm (Malaysian time) on the closing date of the Offer or such other date(s) as the Board of Directors of the Joint Offerors may decide with the consent of the SC, valid acceptances (provided that they are not, where permitted, withdrawn), which would result in the Joint Offerors holding in aggregate, together with such ACB Shares that are already acquired, held or entitled to be acquired or held by the Joint Offerors, **more than 50% of the voting shares of ACB**, failing which the Offer shall lapse and the Offer will cease to be capable of further acceptance and that the Accepting Holders and the Joint Offerors will thereafter cease to be bound by any prior acceptances of the Offer (“**Shareholding Condition**”).

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5.4 Warranty

The Offer Shares are to be acquired on the basis of an acceptance by a Holder of the Offer made to him/her in accordance with the provisions of the Offer Document and on the terms that, by such acceptance, the Accepting Holders irrevocably and unconditionally warrants that the Offer Shares to which such acceptance relates are sold, free from all or any moratorium, claims, charges, liens, encumbrances, pledges, options, rights of pre-emption, third party rights and other security interests, adverse interest and whatsoever from the date of valid acceptance and together with all the rights, benefits and entitlements attached thereto from the date of the Offer Document or which at any time prior to the completion of the Offer may become attached thereto, including the rights to all dividends, rights, allotments and/or any other distributions thereafter declared, made or paid after the date of the Offer Document.

5.5 Duration of the Offer

Except insofar as the Offer may be withdrawn with the written consent of the SC and every person released from any obligation incurred thereunder:-

(a) Original Duration

The Offer will remain open for acceptances for at least twenty-one (21) days after the date of posting of the Offer Document ("**Posting Date**"), unless extended or revised by the Joint Offerors in accordance with the Malaysian Code on Take-Overs and Mergers, 1998 ("**Code**") with the written consent of the SC.

Where there is a competing take-over offer made by a party other than the Joint Offerors during the aforesaid offer period ("**Competing Offer**"), the Offer Document shall be deemed to have been posted on the same day that the competing take-over offer document is posted.

(b) Revisions to the Offer

If the Offer is revised after the Posting Date, it will remain open for acceptances for a period of at least fourteen (14) days from the date of posting of the written notification of the revision to all holders of the Offer Shares. Where any of the terms of the Offer are revised, the holders of the Offer Shares who have previously accepted the Offer shall also be entitled to receive the revised consideration that is to be paid or provided for the acceptance of the Offer.

The Offer may not be revised after the forty-sixth (46th) days from the Posting Date, or date of despatch of a competing offer document, if any.

(c) Extension of the Offer

In any announcement of an extension of time for accepting the Offer, the next expiry date of the Offer will be stated. If it is stated that the Offer will remain open until further notice, no less than fourteen (14) days' notice in writing will be given before it is closed.

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(d) **Closing of the Offer**

Where the Offer has become or is declared unconditional as to the acceptances of the Offer on any day before the forty-sixth (46th) day from the Posting Date, the Offer will remain open for acceptances for not less than fourteen (14) days from the date on which the Offer becomes and is declared unconditional which shall, in any event, be not later than the sixtieth (60th) day from the Posting Date.

Where the Offer has become or is declared unconditional as to acceptances on any day after the forty-sixth (46th) day from the Posting Date, the Offer will remain open for acceptances for not less than fourteen (14) days from the date on which the Offer becomes and is declared unconditional which shall, in any event, be not later than the seventy-fourth (74th) day from the Posting Date.

The Joint Offerors shall give at least fourteen (14) days' notice in writing ("**Closing Notice**") to the holders of the Offer Shares before closing the Offer, save and except in the following circumstances:-

- (i) No Closing Notice will be given where the Offer Document clearly states that the Offer will be closed on a specific date; and
- (ii) No Closing Notice will be given where a Competing Offer has been announced, unless the Competing Offer has reached its conclusion or the shareholders of the Offeree who hold more than 50% of the voting Shares of the Offeree have irrevocably rejected the Competing Offer in favour of the Offer.

The Offer shall lapse if the Shareholding Condition is not fulfilled by 5.00 p.m. (Malaysian time) on the sixtieth (60th) day from the Posting Date.

5.6 Rights of Withdrawal by an Accepting Holder

- (a) An Accepting Holder may withdraw his acceptance from the date which is twenty-one (21) days after the first closing date of the original Offer (in the event the Offer is extended), unless the take-over offer has become or is declared unconditional as to acceptances.
- (b) All acceptances of the Offer by Accepting Holders **SHALL BE IRREVOCABLE**. However, where the Joint Offerors, having announced the Offer to be unconditional as to acceptances, fails to comply with any of the requirements set out in Section 5.9(a) below by the close of trading of the ordinary shares of LCB ("**LCB Shares**") on Bursa Securities on the market day following the day on which the Offer is closed, revised or extended, as the case may be ("**Relevant Day**"), the Accepting Holders shall be entitled to withdraw his/her acceptance immediately thereafter.
- (c) Notwithstanding Section 5.6(b) above, the SC may terminate the right of withdrawal by an Accepting Holder(s) if:-
 - (i) The Joint Offerors comply with the requirements set out in Section 5.9(a) below within eight (8) days from the Relevant Day, provided that the expiry of the eight (8)-day period shall not fall after the expiry of sixty (60) days from the Posting Date; and

- (ii) The Joint Offerors confirm in a statement by way of a notice given to at least three (3) daily newspapers circulating generally throughout Malaysia, one of which shall be in the national language and one in the English Language ("**Press Notice**"), that the Offer is still unconditional as to the level of acceptances.
- (d) Notwithstanding the foregoing, the rights of any person who has withdrawn his or its acceptance before the termination of the right of withdrawal by the SC shall not be prejudiced by the termination of the right of withdrawal by the SC.

5.7 Withdrawal of Offer

The Joint Offerors cannot withdraw the Offer without the prior written approval from the SC.

5.8 Method of Settlement

Subject to the Offer having become or having been declared wholly unconditional as to acceptances prior to the closing date of the Offer, the Joint Offerors shall credit the LCB B Warrants into the Central Depository System ("**CDS**") account of the Accepting Holders within twenty-one (21) days from the closing date of the Offer in respect of acceptances which are received and are complete in all respect by that date.

This is provided that all such acceptances are deemed by the Joint Offerors to be complete and valid in all respects in accordance with the terms and conditions in the Offer Document.

Except with the consent of the SC, which would only be granted in certain circumstances in which all holders of the Offer Shares are to be treated similarly, settlement of the consideration to which any Accepting Holder is entitled under the Offer will be implemented in full, in accordance with the terms of the Offer, without regard to any lien, right of set-off, counter-claim or other analogous rights to which the Joint Offerors may otherwise be or claim to be entitled as against the Accepting Holder.

This, however, is without prejudice to the Joint Offerors' rights to make any claim against the Accepting Holder after such full settlement in respect of a breach of the warranty stated in Section 5.4 above.

5.9 Announcement of Acceptances

- (a) The Joint Offerors will announce the following by way of Press Notice and simultaneously inform the SC and Bursa Securities before trading of the LCB Shares commences on Bursa Securities on the Relevant Day:-
 - (i) The position of the Offer, that is, whether the Offer is closed, revised or extended; and
 - (ii) The total number of Offer Shares, and the respective percentages of the issued and paid-up capital of the Offeree:-
 - (A) In respect of which acceptances of the Offer have been received after the Posting Date;
 - (B) Held by the Joint Offerors at the time of the Posting Date; and

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- (C) Acquired or agreed to be acquired by the Joint Offerors during the offer period.
- (b) In computing the Offer Shares represented by acceptances, there may be included or excluded for announcement purposes, acceptances which are not in all respects in order or which are subject to verification.
- (c) References to the making of an announcement or the giving of notice by the Joint Offerors include the release of an announcement by AmInvestment Bank or the Joint Offerors' advertising agent(s) to the press, and the delivery or transmission via facsimile or Bursa Securities' Listing Information Network (also known as Bursa LINK) of an announcement to Bursa Securities.
- (d) An announcement made otherwise than to Bursa Securities shall be notified simultaneously to Bursa Securities.

5.10 General

- (a) All communications, notices, documents and payments to be delivered or sent to the holders of the Offer Shares or their designated agents, as the case may be, will be despatched by ordinary mail at their own risk.
- (b) Accidental omission to despatch the Offer Document to any person to whom the Offer is made shall not invalidate the Offer in any way.
- (c) All costs and expenses of or incidental to the preparation and circulation of the Offer Document (other than professional fees and other costs relating to the Offer incurred by the Offeree) will be borne by the Joint Offerors. Malaysian stamp duty and Malaysian transfer fees, if any, resulting from acceptances of the Offer will also be borne by the Joint Offerors. For the avoidance of doubt, the payment of any transfer fees, taxes, duties, costs, expenses or other requisite payments due in a jurisdiction outside Malaysia or the payment of any levy for the repatriation of capital or income tax shall not be borne by the Joint Offerors.
- (d) The Form of Acceptance and Transfer which will accompany the Offer Document will contain provisions as to the acceptance of the Offer and the transfer of the Offer Shares to the Joint Offerors or their appointed nominees, instructions for the completion of the Form of Acceptance and Transfer, and other matters incidental thereto. No acknowledgement of the receipt of the Form of Acceptance and Transfer will be issued.
- (e) The Offer and all acceptances received thereunder will be governed by and construed in accordance with the laws of Malaysia.
- (f) Accepting Holders may accept the Offer in respect of all or part of their Offer Shares. The acceptance by any Accepting Holder of the Offer shall not exceed the Accepting Holder's total holding of the Offer Shares failing which the Joint Offerors have the discretion to treat such acceptances as invalid.

5.11 Compulsory Acquisition

Pursuant to Section 34 of the Securities Commission Act, 1993 ("**SCA**"), in the event that the Joint Offerors receives acceptances in respect of not less than ninety percent (90%) of the Offer Shares (other than shares already held at the date of this Notice by the Joint Offerors or by a nominee for or a related corporation of the Joint Offerors) within four (4) months after making the Offer, the Joint Offerors would be entitled to within two (2) months after the Offer has been so accepted, compulsorily acquire any remaining Offer Shares in respect of which acceptances have not been received under the Offer, subject to the compliance with the provisions of Section 34 of the SCA.

If the above situation arises, the Joint Offerors intend to invoke the provisions of Section 34 of the SCA to compulsorily acquire any remaining Offer Shares from the holders of the Offer Shares who had elected not to accept the Offer, either in whole or in part.

The holders of the Offer Shares which are compulsorily acquired, will receive the same consideration as that specified in the Offer and in accordance with Section 34 of the SCA.

Notwithstanding the above, if the Joint Offerors receive acceptances from the Holders resulting in the Joint Offerors holding not less than ninety percent (90%) of the ACB Shares on or before the closing date of the Offer, a minority shareholder of ACB may exercise his rights, pursuant to Section 34A of the SCA, by serving a notice on the Joints Offerors to require the Joint Offerors to acquire his/her/its shares on the same terms as set out in the Offer Document or such other terms as may be agreed by the Joint Offerors and the minority shareholder concerned. An announcement would be made should the minority shareholders of ACB invoke the provisions of Section 34A of the SCA for the compulsory acquisition of any outstanding Offer Shares after the Offer.

6. LISTING STATUS OF THE OFFEREE

The Offeree was delisted from the Main Board of Bursa Securities on 11 October 2007. Currently, the Joint Offerors do not intend to seek re-listing of ACB's securities on Bursa Securites.

7. DISCLOSURE OF INTERESTS OF THE JOINT OFFERORS IN THE OFFEREE

- (a) The direct and indirect interests of the Joint Offerors in the Offeree's Shares as at LPD are as follows:-

Name	< ----- Direct ----- >		< ----- Indirect ----- >	
	No. of Shares	%	No. of Shares	%
<u>Joint Offerors</u>				
LCB	508,147,977	38.17	86,538,473 [#]	6.50
Limpahjaya	25,226,758	1.90	-	-

Note:-

Deemed interested by virtue of Section 6A of the Act held via Limpahjaya, Lion Industries Corporation Berhad, Amsteel Mills Sdn Bhd and Lion Diversified Holdings Berhad.

- (b) There are no persons acting in concert with the Joint Offerors for the purpose of the Offer.

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NOTICE OF CONDITIONAL VOLUNTARY TAKE-OVER OFFER
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- (c) As at LPD, the Joint Offerors have not received any irrevocable undertakings from any holders of the Offer Shares to accept the Offer.
- (d) As at LPD, the Joint Offerors have not entered into any option to acquire any additional Offer Shares.
- (e) As at LPD, the Joint Offerors are not aware of any existing or proposed agreement, arrangement or understanding in relation to the Offer Shares between the Joint Offerors and any holders of the Offer Shares.
- (f) All the Offer Shares to be acquired by the Joint Offerors will be registered in the name of LCB.

8. FINANCIAL RESOURCES OF THE JOINT OFFERORS

The Joint Offerors confirm and AmInvestment Bank is satisfied that the Offer will not fail due to insufficient financial capability of the Joint Offerors and the Joint Offerors would be able to fully satisfy acceptances of Offer in view that the Offer will be wholly satisfied by the issuance of the LCB B Warrants.

9. JOINT OFFERORS' RESPONSIBILITY STATEMENT

This Notice has been seen, and the issue of this Notice has been approved, by the Directors of the Joint Offerors, who have taken all reasonable care to ensure that the facts stated and the opinions expressed in this Notice are, to the best of their knowledge and belief, fair and accurate and that no material facts have been omitted which will make any statement herein false or misleading and they individually and collectively accept full responsibility for the contents of this Notice.

Further details of the Offer will be set out in the Offer Document, which will be despatched to the holders of the Offer Shares in due course.

10. PUBLIC RELEASE

In accordance with the provisions of the Code, a copy of this Notice will be released to the SC and Bursa Securities and will be announced by way of Press Notice.

We would appreciate if you could acknowledge receipt of this Notice by signing and returning to us the duplicate of this Notice, attached herewith.

Yours faithfully,
AMINVESTMENT BANK BERHAD


TAN KENG LIN
Director, Corporate Advisory Services
Corporate Finance


SUREN RAJ NADARAJAH
Director
Corporate Finance

TO : AMINVESTMENT BANK BERHAD

NOTICE OF CONDITIONAL VOLUNTARY TAKE-OVER OFFER

"I, on behalf of the Board of Directors of Amsteel Corporation Berhad, hereby acknowledge receipt of this Notice of Conditional Voluntary Take-Over Offer dated 6 February 2009 as being served upon us."

Yours faithfully

For and on behalf of
AMSTEEL CORPORATION BERHAD



Authorised Signatory

SECRETARY

Designation

CHAN POH LAN

Name

6 February 2009

Date

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