

ACB RESOURCES BERHAD (“ACB”)

PROPOSED ALLOCATION OF THE PROCEEDS RECEIVED BY ACB RESOURCES BERHAD (“ACB”) FROM THE PROPOSED SETTLEMENT OF THE LCB CLASS B(A) BONDS, LCB CLASS B(B) BONDS, LCB CLASS B(A) RCLS AND LCB CLASS B(B) RCLS BY LCB FROM THE PROCEEDS TO BE RECEIVED FROM THE PROPOSED DISPOSAL OF LICB SHARES BY LCB PMB JAYA (AS DEFINED HEREIN) (“PROPOSED ALLOCATION OF ACB PROCEEDS”)

This announcement is dated 7 December 2012.

A list of definitions referred to in this announcement is set out in Appendix I.

1. INTRODUCTION

On behalf of the Board of Directors of ACB (“**Board**”), AmInvestment Bank Berhad (“**AmInvestment Bank**”) wishes to announce that ACB and its wholly-owned subsidiary, Amsteel Harta (L) Limited (“**Amsteel Harta**”) had issued notices of meetings dated 7 December 2012 to the holders of the ACB Bonds issued by ACB and the ACB SPV Debts issued by Amsteel Harta (collectively, the “**ACB Lenders**”) to seek approval of the relevant ACB Lenders in relation to, *inter alia*, the Proposed Allocation of ACB Proceeds.

In the preparation of this Announcement, the following assumptions were made:

- (i) The exchange rate is assumed to be USD1.00: RM3.10;
- (ii) The completion date of the Proposed Allocation of ACB Proceeds is assumed to be 31 March 2013. Note that in the event the Completion Date of the Proposed Allocation of ACB Proceeds is varied, the present value (“**PV**”) will be adjusted accordingly up to the actual completion date; and
- (iii) The ACB Bonds and the ACB SPV Debts cut-off date for PV computation is as at 31 March 2013. The ACB Bonds and the ACB SPV Debts are computed based on the register as at 9 October 2012, and the respective yield-to-maturity, adjusted to PV as at 31 March 2013.

2. DETAILS OF THE PROPOSED ALLOCATION OF ACB PROCEEDS

2.1 INTRODUCTION

On 7 December 2012, Lion Corporation Berhad (“**LCB**”) and its wholly-owned subsidiary, namely PMB Jaya Sdn Bhd (“**PMB Jaya**”) (collectively, the “**LCB Vendors**”) have entered into a conditional share sale agreement (“**Sale LICB Shares SSA**”) to dispose of 181,856,809 ordinary shares of RM1.00 each in Lion Industries Corporation Berhad (“**LICB**”) (“**Sale LICB Shares**”), representing approximately 25.34% of the equity interest in LICB (excluding treasury shares) to Tan Sri Cheng Heng Jem (“**TSWC**”) and Dynamic Horizon Holdings Limited (“**Dynamic Horizon**”) (collectively referred to as “**Purchasers**”) for a total cash consideration of RM254,529,000 or approximately RM1.40 per LICB Share (“**Disposal Consideration**”). The details on the Sale LICB Shares are as follows:

<u>LCB Vendors</u>	<u>Purchasers</u>	<u>No of Sale LICB Shares</u>	<u>Disposal Consideration (RM)</u>
LCB	TSWC	106,104,282	148,505,000
	Dynamic Horizon	74,472,627	104,233,000
Disposal by LCB		180,576,909	252,738,000
PMB Jaya	TSWC	1,279,900	1,791,000
Total		181,856,809	RM254,529,000

The Disposal Consideration shall be settled in the following manner:

	<u>Settlement Date</u>	<u>(%)</u>	<u>Disposal Consideration (RM'mil)</u>
(i)	Within five (5) market days upon signing of the Sale LICB Shares SSA (“ Deposit ”)	10	25.45 ^(a)
(ii)	Upon completion of the Sale LICB Shares SSA (“ Completion Date ”)	20	50.91
(iii)	On or before 31 July 2013 (“ First Deferred Payment ”)	30	76.36 ^(b)
(iv)	On or before 30 November 2013 (“ Second Deferred Payment ”)	40	101.81 ^(b)
	Total	100	254.53

The First Deferred Payment and the Second Deferred Payment shall collectively be referred to as the “**Deferred Payments**”.

Notes:

Deferred interest of 6% per annum shall accrue on the Deferred Payments.

The proceeds from the Proposed Disposal of LICB Shares By LCB PMB Jaya of RM254.53 million will be allocated on pro-rata basis between (i) the holders of the LCB Bonds/Debts/RCSLS other than ACB ("**LCB External Lenders**"); and (ii) ACB, being the holder of the LCB Bonds/RCSLS ("**Pro-rata Allocation**"). Note that ACB holds approximately RM1.1 billion PV of the LCB Bonds/Debts/RCSLS.

The proceeds shall then be utilised to redeem the LCB Bonds/Debts/RCSLS at approximately RM0.2310/USD0.2310 for every RM1.00/USD1.00 LCB Bonds/Debts/RCSLS held by LCB External Lenders and ACB respectively.

The Pro-rata Allocation shall be based on the PV of the outstanding LCB Bonds/Debts/RCSLS as at the end of the month preceding the unconditional date of the Proposed Disposal of LICB Shares By LCB PMB Jaya occurring. The exchange rate for purposes of computing the allocation shall also be fixed on the last market day of the month preceding the said unconditional date.

For illustration purpose, based on the register as at 9 October 2012 and PV as at 31 March 2013, the proposed utilisation of proceeds of the Disposal Consideration shall be as follows:-

	PV as at 31 March 2013 RM'mil	%	Pro-Rata Allocation RM'mil	%	Settlement Ratio (PV LCB Bonds/Debts/RCSLS : Cash)	Amount of Debts Settled RM'mil
ACB	1,101.68	52.58	133.84	52.58	Every RM1 PV LCB Bonds/RCSLS for approximately RM0.2310 cash	579.31
LCB External Lenders	993.39	47.42	120.69	47.42	Every RM1/USD1 PV LCB Bonds/Debts/RCSLS for approximately RM0.2310/USD0.2310 cash	522.37
Grand Total	2,095.07	100.00	254.53	100.00		1,101.68

For further details on the Proposed Disposal of LICB Shares By LCB PMB Jaya, please refer to the LCB's announcement dated 7 December 2012 on the Bursa Malaysia Securities Berhad's website.

2.2 Allocation of the Proceeds to be Received by ACB

The cash proceeds to be received from LCB in respect of the Proposed Disposal of LICB Shares By LCB PMB Jaya as mentioned in Section 2.1 above (“**ACB Proceeds**”) are proposed to be allocated in the following manner:

- (i) It shall first be utilised to fully settle the ACB Class A Lenders at USD1.00 for every USD1.00 PV of ACB Class A Debts; and
- (ii) The remaining ACB Proceeds (after (i) above) shall be utilised for the settlement of the ACB Class B Lenders at RM1.00/USD1.00 for every RM1.00/USD1.00 PV of ACB Class B Bonds/SPV Debts.

For illustration purpose, based on the register as at 9 October 2012 and PV as at 31 March 2013, ACB Proceeds shall be utilised in the following manner:-

	PV as at 31 March 2013 RM'mil	Allocation RM'mil	Settlement Ratio (PV ACB Bonds/Debts : Cash)	Amount of Debts Settled RM'mil
Class A	2.27	2.27	Every USD1 PV ACB Class A SPV Debts for USD1 cash	2.27
Class B	411.77	131.57	Every RM1/USD1 PV ACB Class B Bonds/Debts for RM1/USD1 cash	131.57
Grand Total	414.04	133.84		133.84

3. RATIONALE

The Proposed Allocation of ACB Proceeds is being undertaken to partially meet ACB Group's debt repayment obligations and to reduce ACB Group's current debt obligations.

4. FINANCIAL EFFECTS

4.1 Share Capital and Substantial Shareholders' Shareholdings

The Proposed Allocation of ACB Proceeds will not have any effect on the issued and paid-up share capital and substantial shareholders' shareholdings of ACB as it does not involve any issuance of new ACB Shares.

4.2 Earnings

ACB is expected to incur a loss of approximately RM0.32 per share as a result of the settlement of the LCB Bonds/RCSLS held by ACB at approximately RM0.2310 for every RM1.00 LCB Bonds/RCSLS each.

4.3 Net Liabilities

Based on the audited consolidated statement of financial position of ACB as at 30 June 2012, the consolidated net liabilities per share of ACB is expected to increase from RM0.09 to RM0.43 as a result of the settlement by LCB of the LCB Bonds/RCSLS held by ACB at approximately RM0.2310 for every RM1.00 LCB Bonds/RCSLS each assuming it had been effected on 30 June 2012.

5. APPROVALS REQUIRED

The Proposed Allocation of ACB Proceeds is subject to approvals being obtained from the following:-

- (i) the approval of the ACB Lenders; and
- (ii) the approvals, waivers and/or consents from any other relevant authorities and/or persons, if required.

The Proposed Allocation of ACB Proceeds is conditional upon the Proposed Disposal of LICB Shares By LCB PMB Jaya.

6. ESTIMATED TIMEFRAME FOR COMPLETION

The Proposed Allocation of ACB Proceeds is expected to be completed by the first (1st) quarter of 2013.

APPENDIX I - DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

- ACB or Company** - ACB Resources Berhad, an associate company of LCB
- ACB Bonds** - Collectively, ACB Class B Bonds and ACB Class C Bonds
- ACB Bondholders** - Collectively, the ACB Class B Bondholders and the ACB Class C Bondholders
- ACB Class A Lenders** - The ACB Class A SPV Debt Holders
- ACB Class A SPV Debts** - Zero-coupon redeemable secured Class A USD denominated consolidated and rescheduled debts of the ACB SPV issued on 14 March 2003 with final repayment due on 30 April 2012
- ACB Class A SPV Debt Holders** - Holders of the ACB Class A SPV Debts
- ACB Class B Bonds** - Zero-coupon redeemable secured Class B RM denominated bonds issued by ACB on 14 March 2003 with maturity date of 31 December 2014
- ACB Class B Bondholders** - Holders of the ACB Class B Bonds
- ACB Class B Lenders** - Collectively, the ACB Class B Bondholders and ACB Class B SPV Debt Holders
- ACB Class B SPV Debts** - Zero-coupon redeemable secured Class B USD denominated consolidated and rescheduled debts of the ACB SPV issued on 14 March 2003 with final repayment due on 31 December 2014
- ACB Class B SPV Debt Holders** - Holders of the ACB Class B SPV Debts
- ACB Class C Bonds** - Zero-coupon redeemable secured Class C RM denominated bonds issued by ACB on 14 March 2003 with maturity date of 31 December 2011
- ACB Class C Bondholders** - Holders of the ACB Class C Bonds
- ACB Class C Lenders** - Collectively, the ACB Class C Bondholders and ACB Class C SPV Debt Holders
- ACB Class C SPV Debts** - Zero-coupon redeemable secured class C USD denominated consolidated and rescheduled debts of the ACB SPV issued on 14 March 2003 with final repayment due on 31 December 2011
- ACB Class C SPV Debt Holders** - Holders of the ACB Class C SPV Debts
- ACB Group** - Collectively, ACB and its subsidiaries

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ACB Lenders	- Collectively, the ACB Bondholders and ACB SPV Debt Holders
ACB Proceeds	- The Pro-rata Allocation attributable to ACB from the Proposed Disposal of LICB Shares By LCB PMB Jaya
ACB SPV	- Amsteel Harta (L) Limited, a wholly-owned subsidiary of ACB
ACB SPV Debts	- Collectively, ACB Class A SPV Debts, ACB Class B SPV Debts and ACB Class C SPV Debts
ACB SPV Debt Holders	- Collectively, the ACB Class A SPV Debt Holders, the ACB Class B SPV Debt Holders and the ACB Class C SPV Debt Holders
ACB Trust Deed	- The Trust Deed dated 10 March 2003 between ACB and the Trustee constituting the ACB Bonds as supplemented from time to time
Completion Date	- Completion date of the Proposed Disposal of LICB Shares By LCB PMB Jaya
Deferred Payments	- Settlement of the balance seventy per centum (70%) of the Disposal Consideration in relation to the Proposed Disposal of LICB Shares By LCB PMB Jaya
Disposal Consideration	- The disposal consideration in relation to the Proposed Disposal of LICB Shares By LCB PMB Jaya for an aggregate disposal consideration of RM254,529,000 (or approximately RM1.40 per LICB Share) to be satisfied wholly in cash
Dynamic Horizon	- Dynamic Horizon Holdings Limited
Facility Agent	- RHB Bank (L) Ltd
Facility Agreement	- The facility agreement dated 14 March 2003 between the ACB and the Facility Agent constituting the ACB Debts as supplemented from time to time
FYE	- Financial year(s) ended/ending
LCB	- Lion Corporation Berhad
LCB Bonds	- Collectively, LCB Class B(a) Bonds and LCB Class B(b) Bonds
LCB Bondholders	- Holders of the LCB Bonds
LCB Class B(a) Bonds	- Zero-coupon redeemable secured Class B(a) RM denominated bonds issued by LCB on 14 March 2003 with the maturity date of 31 December 2019
LCB Class B(a) RCSLS	- The 5% Class B(a) coupon redeemable convertible secured loan stocks issued by LCB with maturity date of 31 December 2015
LCB Class B(b) Bonds	- Zero-coupon redeemable secured Class B(b) RM denominated bonds issued by LCB on 14 March 2003 with the maturity date of 31 December 2020

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LCB Class B(b) RCSLS	- The 7% Class B(b) coupon redeemable convertible secured loan stocks issued by LCB with maturity date of 31 December 2015
LCB Class B(c) RCSLS	- The 4.25% Class B(c) coupon redeemable convertible secured loan stocks issued by LCB with maturity date of 31 December 2015
LCB Debts	- Zero-coupon redeemable unsecured Class B USD denominated consolidated and rescheduled debts of LCB issued on 14 March 2003 with the final repayment date of 31 December 2019
LCB Debt Holder	- BNP Paribas, Labuan Branch, the holder of the LCB Debts
LCB External Lenders	- The holders of the LCB Bonds/Debts/RCSLS other than ACB
LCB Group	- Collectively, LCB and its subsidiaries
LCB Lenders	- Collectively, the LCB Bondholders, LCB Debt Holder and LCB RCSLS Holders
LCB RCSLS	- Collectively, the LCB Class B(a) RCSLS, LCB Class B(b) RCSLS and LCB Class B(c) RCSLS
LCB RCSLS Holders	- The holders of the LCB RCSLS
LCB Share(s)	- Ordinary share(s) of RM1.00 each in LCB
LCB Vendors	- Collectively, LCB and PMB Jaya
LICB	- Lion Industries Corporation Berhad
LICB Group	- Collectively, LICB and its subsidiaries
LICB Share(s)	- Ordinary share(s) of RM1.00 each in LICB
PMB Jaya	- PMB Jaya Sdn Bhd, a wholly-owned subsidiary of LCB
Proposed Allocation of ACB Proceeds	- Proposed allocation of the proceeds received by ACB from the proposed settlement of the LCB Class B(a) Bonds, LCB Class B(b) Bonds, LCB Class B(a) RCSLS and LCB Class B(b) RCSLS by LCB from the proceeds to be received from the Proposed Disposal of LICB Shares By LCB PMB Jaya
Proposed Disposal of LICB Shares By LCB PMB Jaya	- Proposed disposal by LCB and PMB Jaya of 181,856,809 LICB Shares to the Purchasers for an aggregate disposal consideration of RM254,529,000 (or approximately RM1.40 per LICB Share) to be satisfied wholly in cash
Pro-rata Allocation	- Pro-rata allocation between the respective PV amounts of the LCB Bonds/Debts/RCSLS held by ACB and the External Lenders of the Disposal Consideration
Purchasers	- Collectively, TSWC and Dynamic Horizon
PV	- Present value

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- RM and sen** - Ringgit Malaysia and sen respectively
- Sale LICB Shares** - Collectively, the 180,576,909 LICB Shares to be disposed by LCB and the 1,279,900 LICB Shares to be disposed by PMB Jaya, totalling to 181,856,809 LICB Shares to be disposed to the Purchasers pursuant to the Proposed Disposal of LICB Shares By LCB PMB Jaya
- Sale LICB Shares SSA** - The share sale agreement dated 7 December 2012 entered into between the LCB Vendors and the Purchasers in respect of the Proposed Disposal of LICB Shares By LCB PMB Jaya
- Security Trustee** - RHB Investment Bank Berhad
- SPV** - Special purpose vehicle
- SPV Facility Agreement** - The facility agreement dated 14 March 2003 between the ACB SPV and the Facility Agent constituting the ACB SPV Debts as supplemented from time to time
- Trustee** - CIMB Trustee Berhad
- TSWC** - Tan Sri Cheng Heng Jem
- USD and cents** - United States Dollar and cents respectively