



General Announcement

Form Version 7 (Enhanced)

Initiated by SOUTHERN STEEL on 16/07/2010 06:42:12 PM

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Reference No SS-100716-67332

Submitted

Company Information

Main Market Company

New Announcement

Submitting Investment Bank/Advisor
(if applicable)

Submitting Secretarial Firm (if
applicable)

* Company name	SOUTHERN STEEL BERHAD
* Stock name	SSTEEL
* Stock code	5665
* Contact person	TING KOK KEONG
* Designation	SECRETARY
* Contact number	04 3852 666
E-mail address	ting.kokkeong@southsteel.com

Type * Announcement

Subject *: Southern Steel Berhad ("SSB" or the "Company")
Receipt of Notice of Unconditional Take-over Offer

Note: If the announcement is a long announcement, please summarize the announcement in the contents and enter the details of the announcement in the Announcement Details or attached the full details of the announcement as attachment.

Contents *:-

(This field is to be used for the summary of the announcement)

The Board of Directors of the Company ("Board") wishes to announce that the Company has today received a notice of conditional take-over offer ("Notice") from Hong Leong Investment Bank Berhad, on behalf of Signaland Sdn Bhd ("Offeror") on the Offeror's obligation to acquire all the ordinary shares of RM1.00 each in SSB which are not owned by the Offeror and the persons acting in concert with the Offeror ("Offer Shares") at a cash consideration of RM2.05 per Offer Share.

The Board does not intend to seek an alternative person to make a take-over offer for the Offer Shares.

A copy of the Notice is attached. The Notice will be posted to the shareholders of SSB within 7 days of this announcement.

This announcement is dated 16 July 2010.

Announcement Details :-

(This field is for the details of the announcement, if applicable)

Attachment(s):- (please attach the attachments here)

[Notice of Take-Over Offer.pdf](#)

Tables Section - This section is to be used to create and insert tables. Please make the appropriate reference to the table(s) in the Contents of the Announcement:

16 July 2010

The Board of Directors
Southern Steel Berhad
Level 3, 2723 Lorong Perusahaan 12
Prai Industrial Estate
13600 Prai, Penang

Attention : YBhg Dato' Dr Tan Tat Wai

YBhg Dato',

Hong Leong Investment Bank Berhad (43526-P)
(Formerly known as HLG Credit Berhad and HLG Credit Sdn Bhd)
Level 8, Menara HLA
No. 3 Jalan Kia Peng
50450 Kuala Lumpur, Malaysia

Telephone +603-2168 1168/2710 1168
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A Participating Organisation of
Bursa Malaysia Securities Berhad

NOTICE OF TAKE-OVER OFFER ("NOTICE")

1. INTRODUCTION

On behalf of Signaland Sdn Bhd ("Offeror"), Hong Leong Investment Bank Berhad ("HLIB" or "Adviser"), writes to notify you of the Offeror's obligation to extend a mandatory take-over offer ("Offer") to acquire all the ordinary shares of RM1.00 each in Southern Steel Berhad ("SSB" or "Offeree") ("SSB Shares" or "Shares") which are not owned by the Offeror and the persons acting in concert with the Offeror ("Offer Shares") at a cash consideration of RM2.05 per Offer Share ("Offer Price").

On 16 July 2010, the Offeror had acquired 113,381,912 SSB Shares representing 27.033% of the voting shares of SSB, at RM2.05 per SSB Share or a consideration of approximately RM232,432,920 from NatSteel Holdings Pte Ltd ("Acquisition"). The Acquisition was effected as a direct business transaction in accordance with the rules and regulations of Bursa Malaysia Securities Berhad ("Bursa Securities").

Prior to the Acquisition, the Offeror and the persons acting in concert with the Offeror who own shares in the Offeree ("PACs") collectively held 181,250,547 SSB Shares, representing 43.215% of the voting shares of SSB. After the Acquisition, the collective equity interests of the Offeror and the PACs in SSB increased from 43.215% to 70.248%.

The PACs are as follows:

- (a) Hume Industries (Malaysia) Berhad, subsidiary of a substantial shareholder of the Offeror; and
- (b) Hong Bee Hardware Company, Sdn Berhad, a connected party of a substantial shareholder of the Offeror.

After the Acquisition, the Offeror and the PACs hold 294,632,459 SSB Shares, representing approximately 70.248% of the voting shares of SSB. Therefore, the Offer is not conditional upon any minimum level of acceptances of Offer Shares but is conditional upon the fulfilment of the Approval Conditions as set out in Section 4.2 below. The details of the shareholdings of the Offeror and the PACs are set out in Section 7 below.

2. THE OFFER

- 2.1 On behalf of the Offeror, we, HLIB, serve this Notice on the Board of Directors ("Board") of SSB to acquire the Offer Shares.

2.2 To accept the Offer, holder(s) of the Offer Shares ("Holder(s)") are advised to refer to the procedures for acceptances, which will be detailed in a document outlining the Offer together with the accompanying Form of Acceptance and Transfer ("Offer Document") to be posted to them in due course. The Offer will be made to each of the Holders in respect of all their Offer Shares.

3. INFORMATION ON THE OFFEROR

The Offeror was incorporated in Malaysia under the Companies Act, 1965 on 25 March 2010 and is an investment holding company.

The Offeror is held by Dr Poh Soon Sim and Spectrum Arrangement Sdn Bhd ("SASB"), who each own 50% in the Offeror. SASB is a wholly-owned subsidiary of Hong Leong Company (Malaysia) Berhad.

4. 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:

4.1 Consideration for the Offer

The Offeror will pay a cash consideration of RM2.05 per Offer Share.

Notwithstanding the provision in Section 4.4 below, if SSB declares, makes or pays any dividend, rights and/or other distributions on or after the date of this Notice and the Holder is entitled to retain such dividend, rights and/or other distributions, the Offeror will reduce the consideration for each Offer Share by the quantum of net dividend, rights and/or other distributions per Offer Share.

Holder(s) may accept the Offer in respect of all or part of their Offer Shares. Fractions of a sen will not be paid to the accepting Holder. The entitlement of the Holder(s) who have accepted the Offer ("Accepting Holders") to the cash payment will be rounded down to the nearest whole sen.

4.2 Conditions of the Offer

The Offer is not conditional upon any minimum level of acceptances of Offer Shares as the Offeror and the PACs already own more than 50% of the voting shares of SSB.

However, the Offer is conditional and subject to approvals including ratification, where required, being obtained as follows:

- (a) the clearance by the SC of the Offer Document;
- (b) the Equity Compliance Unit of the SC under the Bumiputera Equity Requirement; and
- (c) the Ministry of International Trade and Industry,

(collectively known as "Approval Conditions").

The Approval Conditions are to be obtained within the timeframe set out in Section 4.5(c) below, failing which, the Offer shall lapse and cease to be capable of further acceptances and all prior acceptances shall be returned to the Accepting Holders. Thereafter, the Accepting Holders and the Offeror shall cease to be bound by any prior acceptances of the Offer.

4.3 Date of the Offer

The Offer will be made, and the Offer Document will be posted, not later than 21 days from the date of this Notice, or any extended period as may be approved or permitted by the SC.

Subject to Section 4.10(a), the Offeror will post the Offer Document to the Board and the Holders whose names appear on the Record of Depositors of SSB as at the latest practicable date prior to the date of posting of the Offer Document ("**Posting Date**").

4.4 Warranties

The Offeror will acquire the Offer Shares based on the acceptance by a Holder in accordance with the Offer Document. Such acceptance will be deemed to constitute a warranty by the Accepting Holder that the Offer Shares, to which such acceptance relates, are owned by the Accepting Holder or the Accepting Holder has the necessary authorisation to accept the Offer and the Offer Shares are sold:

- (a) free from all claims, charges, liens, encumbrances, options, rights of pre-emption, third party rights and equities from the date of the acceptance; and
- (b) with all rights and entitlements attached, including the right to all dividends and/or other distributions declared, paid or made on or after the date of this Notice.

Notwithstanding the above and as explained in Section 4.1 above, if SSB declares, makes or pays any dividend, rights and/or other distributions after the date of this Notice and the Holder is entitled to retain such dividend, rights and/or other distributions, the Offeror will reduce the consideration for each Offer Share by the quantum of net dividend, rights and/or other distributions per Offer Share.

4.5 Duration of the Offer

- (a) The Offer will remain open for acceptances until 5.00 p.m. (Malaysian time) on a day falling at least 21 days after the Posting Date or such later date(s) as we may announce on behalf of the Offeror, unless the Offeror withdraws the Offer with the SC's written approval and every person is released from any obligation incurred under the Offer.
- (b) If the Offer is revised after the Posting Date, it will remain open for acceptance for at least 14 days from the date of posting of the written notification of the revision to the Holders. Where the terms are revised, the revised benefits of the Offer will be made available to the Holders who have previously accepted the Offer.

The Offer may not be revised after the 46th day of the Posting Date.

- (c) All conditions set out in Section 4.2 above shall be fulfilled within 21 days after the first closing date of the Offer. In any event, such conditions shall be fulfilled not later than 7 days after the 60th day from the Posting Date (unless an extension of time is approved by the SC).
- (d) Where a competing take-over offer is made at any time between the Posting Date and the closing date of the Offer, the Posting Date shall be deemed to be the date the competing offer document was posted.
- (e) Subject to the SC's approval, the Offeror will not give notice in writing to the Holders of the closing of the Offer.
- (f) If there is any announcement of an extension of time for accepting the Offer, the next expiry date of the Offer will be stated.

4.6. Rights of withdrawal by a Holder

- (a) All acceptances of the Offer by a Holder **SHALL BE IRREVOCABLE** unless the Offeror fails to comply with any of the requirements set out in Section 4.9(a) by 5.00 p.m. (Malaysian time) at the close of trading of Bursa Malaysia Securities Berhad ("Bursa Securities") on the market day following the day on which the Offer is closed, revised or extended ("Relevant Day"). When such event occurs, any Holder who accepted the Offer shall be entitled to withdraw his acceptance immediately after the Relevant Day.
- (b) Notwithstanding Section 4.6(a) above, the SC may terminate the above right of withdrawal of an acceptance if the Offeror has complied with the requirements of Section 4.9(a) within 8 days from the Relevant Day where the expiry of the 8-day period from the Relevant Day shall not fall after the 60th day from the Posting Date.

However, the right of any person who has already withdrawn his acceptance under Section 4.6(a) above shall not be prejudiced by the termination of such right of withdrawal by the SC.

4.7 Withdrawal of Offer by the Offeror

The Offer may not be withdrawn by the Offeror without the prior written approval of the SC.

4.8 Method of settlement

Other than the Offeror's right to reduce the cash consideration for the Offer Shares as set out in Section 4.1 above, and except with the consent of the SC, which would only be granted in certain circumstances in which all Holders were to be treated similarly, the Offeror will settle the consideration 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 Offeror may otherwise be or claim to be entitled as against the Accepting Holders. Such full settlement, however, is without prejudice to the Offeror's rights to make any claim against the Accepting Holder in respect of a breach of the warranties as set out in Section 4.4.

The settlement for the Offer will be effected through remittance in the form of cheque(s), banker's draft(s) or cashiers' order(s) which will be posted by ordinary mail to the Accepting Holders (or their designated agents, as they may direct) in respect of valid acceptances, at their own risk.

The Offer is conditional upon the fulfillment of the Approval Conditions as set out in Section 4.2. In this regard:

- (a) where the valid acceptances are received during the period when the Offer is still conditional, the consideration of the Offer Shares shall be posted within 21 days from the date the Offer becomes or is declared unconditional; or
- (b) where the valid acceptances are received during the period when the Offer has become or has been declared unconditional, settlement shall be within 21 days from the date the valid acceptances are received.

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

4.9 Announcement of acceptances

- (a) The Offeror shall inform the SC and Bursa Securities and announce by way of press notice on the Relevant Day, the following:
 - (i) the position of the Offer, that is, as to whether the Offer is closed, revised or extended; and
 - (ii) the total number of Offer Shares together with the percentage of the issued and paid-up share capital represented by the Offer Shares:
 - (aa) in respect of which acceptances of the Offer (including acceptances from PACs) have been received after the Posting Date;
 - (bb) held by the Offeror and its PACs as at the Posting Date; and
 - (cc) acquired or agreed to be acquired by the Offeror during the offer period.
- (b) In computing the acceptances of the Offer Shares for announcement purposes, the Offeror may include or exclude 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 Offeror include the following:
 - (i) release of an announcement by the Adviser to the press; and
 - (ii) delivery of or transmission by telex, 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.

4.10 General

- (a) All communications, notices, documents and payments to be delivered or sent to the Holders or their designated agents, will be sent by ordinary mail to the Holder's registered Malaysian address on the Record of Depositors maintained with Bursa Malaysia Depository Sdn Bhd at their own risk. Foreign shareholders with no registered Malaysian addresses who wish to receive communications, notices and documents in relation to the Offer should ensure that they have their foreign mailing addresses changed to a registered Malaysian address. In any event, the Offer Document shall be made available on the website of Bursa Securities at www.bursamalaysia.com upon issuance.

Unless the contrary is proved, delivery of the communication, notice, document or payment shall be presumed to be effected by properly addressing, prepaying and posting by ordinary mail the communication, notice, document or payment and shall be presumed to have been effected at the time when the document would have been delivered in the ordinary course of mail.

- (b) The Offer and all acceptances received under the Offer will be construed under and governed by Malaysian law. The Offeror and the Holders shall submit to the exclusive jurisdiction of the courts of Malaysia.
- (c) The Form of Acceptance and Transfer, which will accompany the Offer Document, will contain the following:
 - (i) provisions for the acceptance of the Offer and the transfer of the Offer Shares to the Offeror or its appointed nominees;

- (ii) instructions to complete the Form of Acceptance and Transfer; and
- (iii) other matters incidental to the acceptance of the Offer and the transfer of the Offer Shares to the Offeror.

No acknowledgement of the receipt of the Form of Acceptance and Transfer will be issued.

- (d) The Offeror will bear all costs and expenses of or incidental to the preparation and posting of the Offer Document (other than professional fees and other costs relating to the Offer incurred by SSB) and Malaysian stamp duty, if any, resulting from acceptances of the Offer. Holders accepting the Offer will, however, bear all costs relating to the acceptance of the Offer. For the avoidance of doubt, the payment of any transfer fees, taxes, duties, costs, expenses or other requisite payments due in any jurisdiction within or outside Malaysia or the payment of any levy for the repatriation of capital or income tax shall not be borne by the Offeror.
- (e) Accidental omission to post the Offer Document to any person to whom the Offer is made shall not invalidate the Offer in any way.

5. LISTING STATUS OF SSB

Paragraph 8.02 of the Main Market Listing Requirements of Bursa Securities ("Listing Requirements") sets out the requirements in relation to the public shareholding spread of listed companies:

- (a) a listed issuer must ensure that at least 25% of its total listed shares (excluding treasury shares) are in the hands of public shareholders. Bursa Securities may accept a percentage lower than 25% of the total number of listed shares (excluding treasury shares) if it is satisfied that such lower percentage is sufficient for a liquid market in such shares; and
- (b) a listed issuer which fails to maintain the required shareholding spread referred to in paragraph 8.02(1) of the Listing Requirements may request for an extension of time to rectify the situation in the manner as may be prescribed by Bursa Securities. Where no extension of time is granted by Bursa Securities, Bursa Securities may suspend trading in the securities of the listed issuer.

Should the Offeror receive acceptances such that the Offeror and PACs hold in aggregate more than 90% of the listed shares of SSB, the Offeror may procure SSB to apply to Bursa Securities, if necessary, for withdrawal of SSB's listing from the Official List of Bursa Securities in accordance with the Listing Requirements.

The Offeror intends to maintain the listing status of SSB in the event it receives a level of acceptance pursuant to the Offer such that the Offeror and PACs hold in aggregate more than 75% but less than 90% of the listed shares of SSB. The Offeror will, in this instance, explore various options or proposals to address the public shareholding spread of SSB.

Should the Offeror receive acceptances resulting in the public shareholding spread of SSB being less than 25% or such lower percentages as approved by Bursa Securities, of the listed shares of SSB, the Offeror will explore options or proposals to rectify any shortfall in the public shareholding spread. As at the date of this Notice, no arrangements on the above have been made. Where necessary, the actual course of action to be taken will depend on, amongst others, the circumstances as well as the prevailing market conditions at the relevant time. Further, such rectification of the public shareholding spread of SSB will be subject to the Offeror and the PACs collectively retaining an equity interest of more than 50% in the voting shares of SSB.

The Holder should note that the ability of the Offeror to rectify the shortfall in the public shareholding spread of SSB is subject to market vagaries and may require the approval of the relevant authorities. Therefore, whilst the Offeror intends to rectify the shortfall in the public shareholding spread, there can be no assurance that it will be able to do so within the timeline as allowed by the relevant authorities or that the relevant authorities will grant any extension of time.

6. COMPULSORY ACQUISITION

Section 222 of the Capital Market and Services Act 2007 ("CMSA") states, amongst others, that where a take-over offer by an offeror to acquire all the shares or all the shares in any particular class or classes in an offeree has, within 4 months after making the takeover offer, been accepted by the holders of not less than nine-tenths in the nominal value of those shares or of the shares of that class or classes (other than shares already held at the date of the take-over offer), the offeror may, at any time within 2 months after the take-over offer has been so accepted, compulsorily acquire all the shares or all the shares in any particular class or classes in the offeree for which acceptances have not been received under the take-over offer.

In the event the Offeror is able to obtain acceptances as abovementioned, the Offeror intends to invoke the provisions of Section 222 of the CMSA to compulsorily acquire any remaining Offer Shares from Holders who have not accepted the Offer. In such instances, SSB will be delisted from the Official List.

In addition, if the Offeror receives acceptances from Holders resulting in the Offeror holding not less than nine-tenths in the nominal value of the existing issued and paid-up share capital of SSB on or before the closing date of the Offer, a minority shareholder of SSB may exercise his rights, pursuant to Section 223 of the CMSA, by serving a notice to require the Offeror to acquire his shares on the same terms as set out in the Offer Document. Upon notification, an announcement would be made should the minority shareholders of SSB invoke the provisions of Section 223 of the CMSA for the compulsory acquisition of any outstanding Offer Shares after the Offer.

Notwithstanding the above, pursuant to Section 224 of the CMSA, where a notice is given under Section 222 of the CMSA, the court may, on an application made by any Dissenting Shareholder within 1 month from the date on which the notice was given by the Offeror, order that the Offeror shall not be entitled and shall not be bound to acquire the Offer Shares of any Dissenting Shareholder or specify terms of acquisition that are different from the terms of the Offer.

7. DISCLOSURE OF INTERESTS IN SSB

As at 16 July 2010, the direct and indirect interests of the Offeror and PACs in SSB Shares are as follows:

	←----- Direct -----→		←----- Indirect -----→	
	No. of SSB Shares	%*	No. of SSB Shares	%*
Offeror	113,381,912	27.033	-	-
PACs				
Hume Industries (Malaysia) Berhad	173,879,054	41.457	-	-
Hong Bee Hardware Company, Sdn Berhad	7,371,493	1.758	-	-

Note:

* Based on the issued and paid-up shares in SSB of 419,417,208 as at 16 July 2010.

As at 16 July 2010,

- (i) there are no persons who have accepted or irrevocably committed themselves to accept the Offer in respect of their interests, whether direct or indirect, in SSB Shares;
- (ii) the Offeror has not entered into any option to acquire any additional Offer Shares; and
- (iii) the Offeror is not aware of any existing or proposed arrangement, arrangement or understanding in relation to the Offer Shares between the Offeror and any other Holders.

8. FINANCIAL RESOURCES OF THE OFFEROR

The Offeror confirms that the Offer would not fail due to insufficient financial capability and that every Holder who wishes to accept the Offer will be paid in full by cash.

HLIB is reasonably satisfied that there are sufficient resources available to the Offeror such that the Offer would not fail due to insufficient financial capability of the Offeror and that the Offeror would be able to satisfy in full all acceptances of the Offer.

9. DIRECTORS' RESPONSIBILITY STATEMENT

The board of the Offeror has seen and approved this Notice. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other material facts, the omission of which would make any statement in this Notice false or misleading.

10. PUBLIC RELEASE

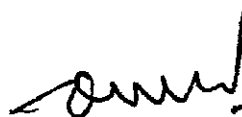
In accordance with the provisions of the Malaysian Code on Take-overs and Mergers, 1998, copies of this Notice will be released to the press and forwarded to the SC and Bursa Securities for public release.

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

Yours faithfully
for and on behalf of
HONG LEONG INVESTMENT BANK BERHAD



Tan Tai Kim
Co-Head
Equity Markets



Evelyn Ong
Assistant Vice President
Corporate Finance

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