



14 October 2004



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Securities & Exchange Commission  
Division of Corporate Finance  
Room 3094 (3-G)  
450 Fifth Street, N.W.  
Washington, D.C. 20549

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SECURITIES & EXCHANGE COMMISSION



Attn : Ms Victoria C Choy

Dear Sirs

Re : Exemption No. 82-3318  
Issuer : Amsteel Corporation Berhad

We enclose herewith a copy of the General Announcement dated 12 October 2004, Re: Establishment of a joint-venture captive insurance company among Amsteel Corporation Berhad, Lion Corporation Berhad, Amalgamated Containers Berhad, Lion Diversified Holdings Berhad, Lion Industries Corporation Berhad, Lion Forest Industries Berhad, Silverstone Corporation Berhad and Ributasi Holdings Sdn Bhd involving the incorporation of Lion Insurance Company Limited to carry on offshore captive insurance business in the Federal Territory of Labuan for filing pursuant to exemption No. 82-3318 granted to Amsteel Corporation Berhad under rule 12g3-2(b) of the Securities Exchange Act of 1934.

Please contact the undersigned if you have any queries.

Yours faithfully  
AMSTEEL CORPORATION BERHAD

WONG PHOOI LIN  
Secretary

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c.c. Ms Andres Estay - The Bank of New York  
ADR Department  
101 Barclay St., 22nd Floor  
New York  
NY 10286



Form Version 2.0

## General Announcement

Ownership transfer to AMSTEEL on 12-10-2004 07:26:44 PM

Submitted by AMSTEEL on 12-10-2004 07:33:22 PM

Reference No AA-041012-EDE63

Submitting Merchant Bank :  
(if applicable)  
Submitting Secretarial Firm Name :  
(if applicable)  
\* Company name : AMSTEEL CORPORATION BERHAD  
\* Stock name : AMSTEEL  
\* Stock code : 2712  
\* Contact person : CHAN POH LAN  
\* Designation : SECRETARY

\* Type :  Announcement  Reply to query

\* Subject :  
AMSTEEL CORPORATION BERHAD ("Amsteel" or the "Company")

**ESTABLISHMENT OF A JOINT-VENTURE CAPTIVE INSURANCE COMPANY AMONG AMSTEEL CORPORATION BERHAD, LION CORPORATION BERHAD, AMALGAMATED CONTAINERS BERHAD, LION DIVERSIFIED HOLDINGS BERHAD, LION INDUSTRIES CORPORATION BERHAD, LION FOREST INDUSTRIES BERHAD, SILVERSTONE CORPORATION BERHAD AND RIBUTASI HOLDINGS SDN BHD INVOLVING THE INCORPORATION OF LION INSURANCE COMPANY LIMITED TO CARRY ON OFFSHORE CAPTIVE INSURANCE BUSINESS IN THE FEDERAL TERRITORY OF LABUAN**

\* Contents :-

### 1. INTRODUCTION

The Board of Directors of Amsteel wishes to announce the establishment of a joint-venture captive insurance company involving the incorporation of Lion Insurance Company Limited ("LIC") among ("Incorporation of LIC"):

- 1) Umatrac Enterprises Sdn Bhd ("Umatrac"), a wholly-owned subsidiary of Amsteel;
- 2) Lion Steelworks Sdn Bhd ("Lion Steelworks"), a wholly-owned subsidiary of Lion Corporation Berhad ("LCB");
- 3) Bright Steel Sdn Bhd ("Bright Steel"), a wholly-owned subsidiary of Amalgamated Containers Berhad ("ACB");
- 4) Megavest Sdn Bhd ("Megavest"), a wholly-owned subsidiary of Lion Diversified Holdings Berhad ("LDHB");
- 5) Sucorp Enterprise Sdn Bhd ("Sucorp"), a wholly-owned subsidiary of Lion Industries

AMSTEEL CORPORATION BERHAD (20667-M)

Secretary

12 OCT 2004

- Corporation Berhad ("LICB");
- 6) Posim Petroleum Marketing Sdn Bhd ("Posim Petroleum"), a wholly-owned subsidiary of Lion Forest Industries Berhad ("LFIB");
  - 7) AMB Venture Sdn Bhd ("AMB Venture"), a wholly-owned subsidiary of Silverstone Corporation Berhad ("SCB"); and
  - 8) Ributasi Holdings Sdn Bhd ("Ributasi").

(collectively the "Lion Group of Companies")

The Ministry of Finance had on 17 September 2004 approved the issuance of a captive insurance licence for LIC to carry on business as an offshore captive insurer in or from the Federal Territory of Labuan. LIC was incorporated under the Offshore Companies Act 1990 on 11 October 2004. LIC shall provide captive insurance services for the Lion Group of Companies.

An offshore captive insurance business is an insurance business whereby the insured is a related company or an associated corporation of the offshore insurer or where the insured is any other person or persons in respect of whom the offshore insurer is authorised by Labuan Offshore Financial Services Authority (LOFSA) to provide insurance or reinsurance.

(for the purposes of this announcement, the exchange rate of USD1: RM3.80 is assumed).

## 2. INFORMATION ON LIC

### 2.1 Paid-up capital

The authorised and paid-up capital of LIC are USD250,000 (equivalent to approximately RM950,000) and USD100 (equivalent to approximately RM380) respectively.

### 2.2 Shareholding

The equity participation in LIC are set out in Table I.

The total issued and paid-up capital of LIC is USD80,000 (equivalent to approximately RM304,000) comprising 80,000 shares of USD1 (equivalent to approximately RM3.80) each and the total paid-up capital is USD100 (equivalent to approximately RM380). The balance of USD79,900 (equivalent to approximately RM303,620) would remain unpaid until the respective shareholders obtain approval from Bank Negara Malaysia.

### 2.3 Operations of LIC

- i) LIC is required to maintain at all times a surplus of asset over liabilities, which is equivalent to, or more than the amount of its paid-up capital.
- ii) Pacific World Insurance Manager Limited, a Labuan licensed offshore insurance

manager has been appointed to provide management services to LIC.

## **2.4 Benefits**

- i) The captive insurance company will enable the Amsteel Group to retain part of the premium paid thus reducing Amsteel's cost of insurance.
- ii) Labuan-based captive insurance companies enjoy the preferential tax treatment to pay either 3% of net profits or a fixed rate of RM20,000 per annum.

## **3. RATIONALE**

The Incorporation of LIC is to facilitate the insurance needs and reduce insurance cost of the Amsteel Group without compromising the adequacy of insurance coverage. In addition, captive insurance is an important vehicle for ensuring sound and professional risk management by large corporations, including the transfer of risks through the captive insurance company to re-insurers.

A regulated captive insurance company will be more financially disciplined by regulations and readily recognised by re-insurers compared with being self-insured for an amount below an excess acceptable as a risk to the Amsteel Group.

## **4. FINANCIAL EFFECTS**

### **4.1 Share Capital**

There will be no effect on the issued and paid-up capital of Amsteel as the Incorporation of LIC does not involve the issuance of Amsteel shares.

### **4.2 Earnings**

The Incorporation of LIC is not expected to have a material impact on the earnings of the Amsteel Group for the financial year ending 2005.

### **4.3 Net Tangible Asset ("NTA")**

The Incorporation of LIC is not expected to have a material impact on the NTA of the Amsteel Group based on the audited balance sheet as at 30 June 2004.

## **5. DIRECTORS' INTERESTS**

The Incorporation of LIC is a related party transaction. The interests of the Directors in the Incorporation of LIC are set out in Table II.

## **6. DIRECTORS' OPINION**

AMSTEEL CORPORATION BERHAD (20667-M)

  
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Secretary

12 OCT 2004

The Directors of Amsteel (other than those Directors who are deemed to be interested in the Incorporation of LIC) are of the opinion that the Incorporation of LIC is fair and reasonable and is in the best interest of Amsteel.

**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:**

Table I : shareholding

Shareholders	Shareholdings (%)	No. of shares
Umatrac	3	2,400
Lion Steelworks	37	29,600
Bright Steel	2	1,600
Megavest	5	4,000
Sucorp	27	21,600
Posim Petroleum	17	13,600
AMB Venture	7	5,600
Ributasi	2	1,600
<b>TOTAL</b>	<b>100</b>	<b>80,000</b>

Table II

The Directors' interest in the Incorporation of LIC are set out below :

Director	Amsteel	ACB	LCB	LDHB	LFIB	LICB	SCB	Ributasi	Other Interest
Jen (B) Tan Sri Dato' Zain Mahmud Hashim	Chairman Employee	Chair- man	-	-	Director	-	-	-	*
Pee Kang Seng	MD / Employee	-	-	-	-	-	-	-	*

AMSTEEL CORPORATION BERHAD (20667-M)

4

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Secretary

12 OCT 2004

Tan Sri Cheng Heng Jem ("TSWC")	MS	MD / MS	Chairman & MD/ MS	Chairman/ MS	Chairman/ MS	MS	Chairman/ MS	MS	-
M Chareon Sae Tang	-	-	Director	-	-	-	-	-	-

Legend :

- MD : Managing Director  
MS : Major shareholder  
ACB : Amalgamated Containers Berhad  
LICB : Lion Industries Corporation Berhad  
LCB : Lion Corporation Berhad  
SCB : Silverstone Corporation Berhad  
LDHB : Lion Diversified Holdings Berhad  
Ributasi : Ributasi Holdings Sdn Bhd  
LFIB : Lion Forest Industries Berhad  
Amsteel : Amsteel Corporation Berhad

\* Being an employee of a company wherein TSWC, and Datuk Cheng Yong Kim, a major shareholder, each has a substantial interest and therefore a person connected with TSWC.

AMSTEEL CORPORATION BERHAD (20667-1)

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Secretary

12 OCT 2004