



# ANNOUNCEMENTS

09 November 2000

## Disposal of Shareholding in NatSteel Electronics



### *Introduction*

NatSteel Ltd ("NSL" or the "Company") has received a fax dated 8th November, 2000 from the Singapore Exchange Securities Trading Limited ("SGX-ST"). The fax relates to the announcements dated 20th October, 2000 and 31st October, 2000 issued by the Company and contains certain questions regarding the timing of the announcements by the Company and the suspension of trading in the Company's shares.

### *Events*

For the ease of reference of its shareholders, a summary of the relevant events is set out below:-

<i>Date</i>	<i>Event</i>
20th October, 2000 (Friday)	NSL releases announcement that it has received indications of interest in respect of its 33.0 per cent. shareholding in NatSteel Electronics Ltd ("NEL")
30th October, 2000 (Monday)	NSL requests for suspension of trading in its securities
31st October, 2000 (morning) (Tuesday)	NSL announces continued suspension of trading in its securities
31st October, 2000 (evening) (Tuesday)	<ul style="list-style-type: none"> <li>· NSL announces that it has given an undertaking to Solectron Corporation to accept the voluntary conditional cash offer for NEL to be made by a subsidiary of Solectron</li> <li>· NSL requests for lifting of the suspension of trading in its securities with effect from 9.00 a.m. on 1st November, 2000</li> </ul>

The Company wishes at the outset to reassure shareholders that in determining the timing and content of the above

announcements and the timing of the suspension of trading, it had deliberated at length on the courses of action available to it and the implications of each such course of action. The Company as part of its deliberations also had extensive discussions with its advisers. Certain of the key considerations which the Company had taken into account in the course of its deliberations are set out below.

In determining the timing of the suspension of trading in its securities, the Company had to take the following factors into consideration:-

- the degree of likelihood of it being able to reach agreement on the disposal of its NEL shareholding
- not depriving investors unnecessarily of their ability to trade in NSL's securities

Up to the close of trading on Friday, 27th October, 2000, the indications of interest received by NSL for its NEL shareholding contained conditions which NSL was unable to fulfill. There was accordingly no certainty that NSL would be able to enter into any transaction in respect of its NEL shareholding.

Against this background, NSL was extremely concerned that the suspension of trading between 20th October and 27th October, 2000 carried a very high risk that such suspension would be prolonged for an extended and indefinite period, with no assurance that any agreement would be reached at all on its NEL shareholding. This would in turn prejudice bona fide investors by depriving them of the ability to trade in the securities of NSL.

The decision made by NSL was therefore to suspend trading only if there was a reasonable likelihood that it would be able to reach agreement on the disposal of its NEL shareholding. As this was not the case up to the close of trading on 27th October, 2000, NSL had not requested for suspension of trading in its securities between 20th October, 2000 and 27th October, 2000.

#### *Timing of Announcements*

The Company had on 20th October, 2000 released an announcement to inform its shareholders that it had received indications of interest in respect of its NEL shareholding. Further to that announcement, as there was no material development in the status of the matter as at the close of trading on Friday, 27th October, 2000, NSL did not release an

**interim announcement.**

**Late on Saturday, 28th October, 2000, NSL was informed that the conditions in the indications of interest which NSL was unable to fulfill would be revised. Over Saturday and Sunday, 28th and 29th October, 2000, there were intensive negotiations on the key issues, structure and documentation for the transaction.**

**The rapid developments achieved over that weekend caused the Company to request for a suspension of trading on Monday, 30th October, 2000, as the Company believed that there was a reasonable likelihood that it would be able to reach agreement. The negotiations continued throughout Monday and Tuesday, 30th and 31st October, 2000 and were only concluded in the evening of Tuesday, 31st October, 2000, which resulted in suspension of trading for another day on Tuesday, 31st October, 2000. As trading had been suspended, the Company did not release an interim announcement and instead proceeded to release the transaction announcement on 31st October, 2000 and lift suspension of trading with effect from 9.00 a.m. on Wednesday, 1st November, 2000.**

#### ***Confidentiality Measures***

**The Company had taken extensive measures to minimise the risks of premature disclosure of information relating to the transaction. These measures included:-**

- limiting information of the transaction to three senior executive officers within NSL**
- highlighting to its advisers the requirement to maintain strict confidentiality**
- limiting discussions on the disposal of its NEL shareholding to a very small number of interested parties and to only the top management of such parties**
- requiring confidentiality undertakings to be provided by each interested party**

**Notwithstanding the above measures being taken by it, NSL was extremely concerned with the increase in both the volume and the prices at which its shares were being transacted between 20th October, 2000 and 27th October, 2000. In its deliberations on the timing of its announcements and the suspension of trading, such increase in the trading volume and prices were carefully weighed against the other considerations referred to in this announcement.**

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