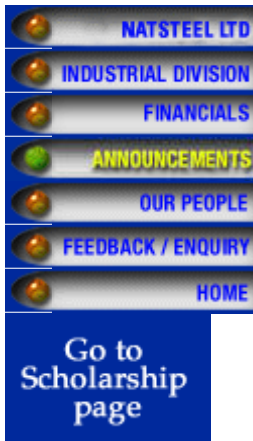




## ANNOUNCEMENTS

11 May 2000

### NatSteel Announces restructure plan to unlock shareholders' value



SINGAPORE, 11 May 2000 - Listed multi-industry manufacturing group NatSteel announced today a proposed plan to restructure into two separate listed entities to enable better market valuation of its businesses and for better management effectiveness.

Under the proposed plan, the core operating businesses of Steel and Industrial will be transferred to a new wholly-owned subsidiary, Newco-1 and the remaining businesses will be transferred to a second wholly-owned subsidiary, Newco-2. It is proposed to list Newco-1 and Newco-2 shares on the Main Board of the SGX-ST. The shares of Newco-1 and Newco-2 will then be distributed to the existing NatSteel shareholders in exchange for their shares in NatSteel Ltd which will be liquidated. When the restructure is completed, NatSteel shareholders will receive one listed share in Newco-1 and one listed share in Newco-2 in place of each share they own in NatSteel.

"The proposed restructuring follows from the announcement we made when releasing our 1999 results in March that we are studying various restructuring options," said Mr Ang Kong Hua, President, NatSteel Ltd. "The objectives are two-fold. Firstly, it is to enable the market to better value our two distinct groups of businesses. As at 10 May 2000, the value of NatSteel's stakes in NatSteel Electronics and NatSteel Broadway was \$1.6 billion compared with NatSteel's total market capitalisation of \$1.5 billion. This implies that the market has placed little value on NatSteel's other businesses outside of Electronics. By transferring the construction-related businesses of Steel and Industrial into Newco-1 and listing it on SGX-ST, it will facilitate the market to value them appropriately. Secondly, given the difficult outlook for the construction sector, the creation of Newco-1 will allow an appropriate incentive structure to be put in place to recruit/retain good managers to ensure sustained and intense efforts to drive these businesses and enhance their competitiveness."

Mr Ang elaborated that, "Newco-2 will hold NatSteel's Electronics businesses and its portfolio of investments and properties which has been earmarked for divestment. Following such divestments, Newco-2 will essentially be engaged in contract manufacturing for the electronics

**industry mainly through its strategic stakes in NatSteel Electronics and NatSteel Broadway. It will focus on this business and seek to maximise shareholders' value. The restructuring will also give shareholders and investors the choice to manage their investment exposure in the two groups of businesses independent of each other."**

**A circular giving full details of the proposed plan will be dispatched to NatSteel shareholders in due course to seek their approval for the plan at an extraordinary general meeting to be convened.**

[↑Top](#)

[Back](#)

Copyright © NATSTEEL LTD 2005