



ANNOUNCEMENTS

27 June 2000

Proposed restructuring of Natsteel Ltd



1. Further to NatSteel Ltd's ("NSL") announcement of the proposed restructuring exercise ("Proposed Restructuring") on 11 May 2000, the Directors wish to announce that the Company has decided to defer the Proposed Restructuring until further notice.

2. Since then, the global and local equity markets have experienced exceptional volatility which have dampened investors' confidence worldwide. The financial performance update issued by NatSteel Electronics Ltd ("NEL") on 17 May 2000 in particular, resulted in both NSL and NEL share prices falling sharply. Since the date of announcement of NSL's Proposed Restructuring on 11 May 2000, NSL's share price has declined from S\$4.02 to S\$2.48 on 26 June 2000. NEL's share price, for the same period, fell from S\$8.20 to S\$5.30 per share. As a result, the market capitalisation of both NSL and NEL have been sharply reduced by \$550million and \$1.25billion respectively from the levels prevailing at the time of announcement of the Proposed Restructuring.

3. Given that the Proposed Restructuring involves a rationalisation of the Group's assets and liabilities, the reduction in the market valuations of NSL and NEL has created a disparity between the level of asset and the level of debt to be assumed by the respective companies following the Proposed Restructuring. Consequently, the Directors are of the opinion that it would not be in the best interest of shareholders to proceed with the Proposed Restructuring for the time being.

4. Notwithstanding the deferment, the Board continues to review all alternatives including the Proposed Restructuring, with a view to maximising value for shareholders as well as ensuring higher sustained management focus of its different businesses. Further information on the restructuring exercise will be announced in due course upon finalisation by the Company and its advisers.

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