



NATSTEEL LTD

(Incorporated in the Republic of Singapore)

ANNOUNCEMENT - EXPIRY OF ANTI-DUMPING ORDERS

The Board of Directors of NatSteel Ltd ("Company") refers to the Company's MASNET announcement on the Expiry of Anti-Dumping Orders ("Expiry of Anti-Dumping Orders") on 23 December 2002. In the announcement, the Company stated that it was "... presently not able to quantify the impact of such non extension of anti-dumping orders on the group's steel business. However, this impact is expected to be adverse to the prospects of the group's steel business in Singapore."

The SGX has requested that the Company provide reasons for not being able to quantify the impact of such non-extension.

The Company wishes to clarify the following -

- (a) The Singapore steel market is already very competitive. The announced Expiry of Anti-Dumping Orders will make it more so.
- (b) The trading of steel rebars is an international business and the sources of imported steel rebars into Singapore have traditionally been Turkey and Malaysia prior to the imposition of the anti-dumping duties in 1995. However, Singapore also imports steel bars from other countries, including the Commonwealth of Independent States (CIS).

The quantum and timing of the adverse financial impact of the Expiry of Anti-Dumping Orders on NatSteel will depend on many factors, including the behaviour of third parties such as competitors in Turkey and Malaysia, and NatSteel's response to such behaviour.

The business and financial factors, which may influence the behaviour of competitors from Turkey and Malaysia, are varied and include:

- local demand (in Turkey and Malaysia);
- the extent of excess steel production capacity (in Turkey and Malaysia);
- whether opportunities exist for Turkish and Malaysian competitors to export to countries other than Singapore ("other countries");
- selling prices (in Turkey, Malaysia, Singapore, other countries);
- production cost of the competitors (in Turkey, Malaysia);
- the quantum and duration of export subsidies (if any);
- export costs such as freight/logistics charges, which are in turn determined by their own supply-demand dynamics;
- marketing and distribution costs in Singapore.

These factors change from time to time.

The timing of the financial impact of the Expiry of Anti-Dumping Orders on NatSteel will depend also on other factors including the speed with which competitors are able to establish marketing and distribution capability in Singapore.

Given that the Singapore Government's decision on the Expiry of Anti-Dumping Orders was made on 20 Dec 2002, it is too early for the Company to quantify the adverse financial impact of the factors referred to above.

The Board of Directors trust that the above clarifications help explain why the Company is unable to quantify the adverse financial impact of the Expiry of Anti-Dumping Orders on NatSteel at this stage.

By Order of the Board

Lim Su-Ling
Company Secretary
26 December 2002