

PRESS RELEASE

G.K. Goh Stockbrokers Pte Ltd makes the following press release on behalf of Sanion Enterprises Limited ("**Sanion**"):

Sanion's Intentions in respect of NatSteel Limited

Sanion does not currently intend to make a general offer for NatSteel Limited ("**Natsteel**").

Notwithstanding the latest revision in the offer price of 98 Holdings Pte Ltd ("**98 Holdings**"), Sanion remains a "stayer" and has no intention of accepting the conditional 98 Holdings offer of \$2.05 per share.

Proposal by Sanion for EGM

Sanion intends to pursue the cash distribution issue with Natsteel with the overriding objective of maximising its investment in the company.

In pursuit of this objective, it intends:-

- (a) to exercise shareholder rights pursuant to Section 177 of the Companies Act to call for an EGM (the "**First EGM**") to vote on **the appointment of nine additional directors to the board** ; and
- (b) to propose that the newly-constituted board (if appointed) considers the making of **a cash distribution of \$1.55 per share¹ or such other amount as may be recommended by the board** and, if so recommended, to call for a second EGM (the "**Second EGM**") to obtain shareholders' approval for the same.

The resolutions will be conditional on the 98 Holdings offer failing. It is proposed that both the First EGM and the Second EGM be held after 23 December 2002, after which date the outcome of the 98 Holdings offer should be known. Formal notice on Sanion's behalf calling for the First EGM will be issued shortly.

As a shareholder currently without board representation and access to relevant information, Sanion is not in a position to meaningfully comment on the latest public disclosure by Natsteel in its announcement dated 8 December 2002 (the "**8 December Natsteel Announcement**"), that its

¹ This is based on Natsteel's circular dated 6 November 2002 relating to the Crown Central Assets Limited management buyout, which stated that the "Cash available for distribution" is \$1.55 per share calculated based on a fully diluted number of Shares. As highlighted in Sanion's press release of 4 December 2002, the foregoing is an extract and should be read in conjunction with the said circular in its entirety.

“preliminary analysis on this matter indicates that these factors [*ie, the factors mentioned in such announcement*] may limit any distribution to Shareholders to an amount considerably less than \$1.55 per Share”².

The 8 December Natsteel Announcement also states that the board does not intend to despatch the notice to shareholders to call for a general meeting concerning a cash distribution, until after the final closing date of the 98 Holdings offer. Sanion therefore proposes to call for the First EGM itself, and to do so shortly, so that, in the event that the 98 Holdings offer fails, the cash distribution proposal can be considered by the newly-constituted board of Natsteel (if appointed), as soon as practicable thereafter. Sanion had earlier written to Natsteel to ask for three of its candidates to be appointed by the Natsteel board. This request was for the appointments to be made by the board of Natsteel (and not by the company in general meeting). As the appointment of its candidates are now proposed to be made by the company in general meeting at the First EGM which Sanion is convening, and the appointments are intended to take effect after 23 December, Sanion wishes for the nine candidates (if appointed) to form a majority on the board.

Sanion's Business Plan

Natsteel is principally organised into four business divisions comprising the Steel, Industrial, Electronics and Property and Investments divisions. Sanion believes that the key focus for Natsteel going forward should be that of its core steel business.

Sanion, as the single largest shareholder owning 29.79% of the issued capital of Natsteel, would like to work with the management team to restructure Natsteel with the objective of focusing management and business resources on the core steel business thereby enhancing shareholder value.

Sanion proposes:

- **that Natsteel should dispose of its non-core businesses. If such disposals are effected, Sanion will support a reasonable proposal for additional cash distributions from the net proceeds realised from such non-core assets to be made; and**
- **(in order to strengthen and pursue further growth for the Natsteel group's core steel business) to pursue discussions with parties from the People's Republic of China, with a view to identifying strategic partner(s), so as to focus on the Chinese market.**

Issued By
G.K. Goh Stockbrokers Pte Ltd
On behalf of Sanion Enterprises Limited

9 December 2002

² This is an extract from Natsteel's announcement dated 8 December 2002 and should be read in conjunction with the said announcement in its entirety.

Note

Nothing herein is intended to be, or shall be taken as, advice or recommendation to Natsteel shareholders or any other party regarding Natsteel or Natsteel shares. In any event reference should be made to Natsteel's circulars to shareholders dated 6 November 2002 and its public announcements. Persons in doubt as to the action they should take should consult their stockbroker, bank manager, accountant or other professional adviser.