



NATSTEEL LTD
(Incorporated in the Republic of Singapore)

ANNOUNCEMENT

VOLUNTARY CONDITIONAL CASH OFFER (the "OFFER"), BY STANDARD CHARTERED BANK, FOR AND ON BEHALF OF 98 HOLDINGS PTE. LTD., TO ACQUIRE ALL THE ISSUED ORDINARY SHARES OF S\$0.50 EACH IN THE CAPITAL OF NATSTEEL LTD

The Board of Directors (the "Board") of NatSteel Ltd ("NatSteel" or the "Company") refers to the Company's announcement on 4 October 2002 in relation to the Offer.

Following discussions between the Company and the Offeror, the Board notes that the Offeror has today announced clarifications to Conditions 3 and 4 (as referred to in the announcement by the Offeror on 7 October 2002) to the Offer.

In particular, the Offeror has clarified Condition 4 such that the Offer is subject to:

“(4) No Material Adverse Change: Since 30 June, 2002:

- (a) there having been at any time prior to the final close of the Offer or its lapsing or its being withdrawn no material adverse change in the assets, business, financial condition, profits, liabilities, prospects or results of operations of the Group taken as a whole; and/or
- (b) no litigation, arbitration, prosecution or other legal proceedings having been instituted, announced or threatened by or against or remaining outstanding against any member of the Group at any time prior to the final close of the Offer or its lapsing or its being withdrawn which could have a material adverse effect on the Group taken as a whole,

in each case so as to (i) cause the net assets (being total assets less total liabilities) of the Group to be decreased by more than five per cent or (ii) cause the operating profit of the Company and its subsidiaries (being the operating profit of the Company and its subsidiaries before income tax, minority interests, interest on borrowings and depreciation and amortisation) to be decreased by S\$8,096,500 or more. Each of conditions 4(a) and (b) may only be invoked by the Offeror when the circumstances which give rise to the right to invoke the relevant condition are of material significance to the Offeror in the context of the Offer and in connection with condition 4(a), any variation in the assets, business, financial condition, profits, liabilities, prospects or results of operations which are solely in the ordinary course of business will not be considered by the Offeror to be of material significance to the Offeror in the context of the Offer.”

Further details on these conditions can be found in the announcements made by the Offeror on 3 October 2002 and 7 October 2002.

The Board wishes the shareholders of the Company (the "Shareholders") to note that it is unclear what time period the decrease in operating profit under Condition 4 would be measured against.

In relation to Condition 4(b), the Board wishes Shareholders to note that as disclosed in the interim half-year results of the Group (as announced by the Company on 5 August 2002), Tycoons Worldwide Group (Thailand) Co., Ltd has filed a counterclaim at the Taiwan Kaohsiung District Court alleging damages of approximately US\$13.0 million ("Tycoons Counterclaim"). The Board has been legally advised that this counterclaim is largely without merit and all efforts would be expended to resist this counterclaim.

The Board wishes Shareholders to note that it is unclear whether the Offeror would invoke Condition 4(b), as a result of the Tycoons Counterclaim or claims which may arise or have arisen in the ordinary course of business. The Board wishes Shareholders to note that the Offeror reserves the right to waive various conditions to its Offer in whole or in part but has not to date announced any waiver of Condition 4, nor the invocation of Condition 4.

The Board has received and is considering a request by the Offeror for due diligence on the Group.

The Board continues to discuss Condition 4 with the Offeror, including how due diligence by the Offeror on the Group may further reduce the scope of Condition 4, in order to provide more clarity to Shareholders.

The Board's objective is to maximise shareholder value and therefore continues to welcome any offer that increases shareholder value.

The Board will continue to keep Shareholders informed of relevant developments.

In the meantime, the Shareholders are advised to refrain from taking any action in relation to their shares in the Company which may be prejudicial to their interests.

The Directors of the Company (including those who have delegated detailed supervision of this Announcement) have taken all reasonable care to ensure that the facts stated in this announcement are fair and accurate, and that no material facts have been omitted and they jointly and severally accept responsibility accordingly.

BY ORDER OF THE BOARD

LIM SU-LING
COMPANY SECRETARY
7 OCTOBER, 2002

For further information, please contact:

Financial Adviser

Salomon Smith Barney Singapore Pte Ltd
Tel: +65 6432 1240

Richard Seow (Managing Director)
Chang Tou-Chen (Director)
Feisal Zahir (Vice President)

Communications Adviser

Weber Shandwick Singapore
Tel: +65 6825 8000

Andrew Pirie (Co-President, Asia Pacific)
Peter Poulos (Senior Vice President)
Ng Chip Keng (Account Director)
DID: +65 6825 8084, Email: ckng@webershandwick.com