

4 December 2002

Board of Directors
NatSteel Ltd
22 Tanjong Kling Road
Singapore 628048
(Fax: 6266 4338)

Dear Sirs

NATSTEEL LTD

On behalf of Sanion Enterprises Limited ("**Sanion**") as the single largest shareholder holding 29.25% of the issued share capital of NatSteel Limited (the "**Company**"), we are writing to ask the Board of Directors of the Company:-

1. To appoint three (3) persons (as nominated by Sanion) as Directors of the Company; and
2. To convene an Extraordinary General Meeting ("**EGM**") of the Company in good time before 23 December 2002, for purposes of approving the declaration and payment of a dividend (the "**Dividend**"), in accordance with Article 130 of the Articles of Association of the Company.

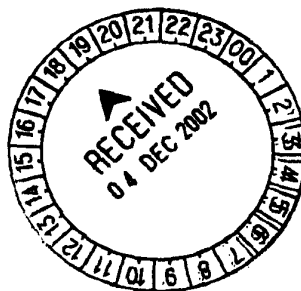
Based on the analysis of the independent financial adviser in the circular to shareholders dated 6 November 2002 as to the cash available for distribution to shareholders after the disposal of NatSteel Brasil Ltda and NatSteel Broadway Ltd, the amount of the Dividend should be no less than \$1.55 per share (on a diluted basis). Sanion believes that a cash distribution in excess of S\$1.55 per share should be made given that Natsteel is expected to be profitable in the current financial year.

In view of the time constraints in convening an EGM, please let us have your response by 5 pm on **Thursday, 5 December 2002**.

Yours faithfully,



MAH KAH LOON
SENIOR VICE PRESIDENT
CORPORATE FINANCE



2

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