



ANNOUNCEMENTS

07 November 2002

DESPATCH OF:

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

(II) CIRCULAR TO SHAREHOLDERS ("EGM CIRCULAR") ENCLOSING NOTICE OF EXTRAORDINARY GENERAL MEETING ("EGM") PERTAINING TO, INTER ALIA, THE PROPOSED SALE OF TARGET ASSETS TO CROWN CENTRAL ASSETS LIMITED ("PROPOSED SALE") AND THE VOLUNTARY MEMBERS' WINDING UP OF NATSTEEL LTD ("VOLUNTARY LIQUIDATION")

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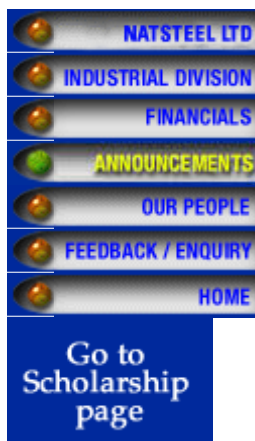
The Board of Directors (the "Board") of NatSteel Ltd ("NatSteel" or the "Company") refers to its announcement ("6 November 2002 NatSteel Announcement") on 6 November 2002 in relation to the 98 Holdings Offer.

Unless otherwise defined herein, all capitalized terms in this announcement have the same meaning as those in the 6 November 2002 NatSteel announcement.

Despatch of Offeree Board Circular

The Board is pleased to announce that the Offeree Board Circular containing the advice and recommendation of the independent financial adviser to the independent directors of the Company and the recommendation of the independent directors of the Company on the 98 Holdings Offer and the Crown Offer, has been despatched to the shareholders (the "Shareholders") of NatSteel today.

Despatch of Notice of Extraordinary General Meeting and EGM Circular



The Board also hereby announces that the EGM Circular has been despatched to Shareholders today. The EGM Circular contains, inter alia, information relating to the Proposed Sale and the Voluntary Liquidation. The notice of EGM enclosed therein sets out details of the resolutions to be tabled at the EGM to be convened on 4 December 2002.

Waiver of Singapore Exchange ("SGX") Listing Rule 1303(3)

Under Section 255(1) of the Companies Act, Chapter 50 of Singapore (the "Singapore Companies Act"), the liquidation of a company shall be deemed to have commenced at the time of the passing of a shareholders' resolution for liquidation.

As such, **IF AND ONLY WHEN** the requisite Shareholders' approval is obtained at the EGM in respect of the resolutions tabled thereat (including a special resolution relating to the Voluntary Liquidation), the Voluntary Liquidation of the Company will commence.

Pursuant to Rule 1303(3) of the Singapore Exchange Securities Trading Limited ("SGX") Listing Manual, the SGX may at any time suspend the trading of listed securities of an issuer if that issuer's ability to continue as a going concern is in doubt. Accordingly, the SGX may suspend the Shares once the requisite Shareholders' approval is obtained at the EGM in respect of the resolutions tabled thereat.

If the Shares are so suspended at that stage, it would preclude optionholders (the "Optionholders") under NatSteel's executive share option scheme (the "ESOS") from an opportunity to monetize their new Shares (issued upon any exercise of such of their options which may be exercisable then under the ESOS) in the market until the Company makes the relevant cash distributions, pursuant to the Voluntary Liquidation, in 2003.

Therefore, the Company has written to and obtained approval and confirmation from SGX that if and only when the requisite Shareholders' approval is received at the EGM and the Voluntary Liquidation commences as a result thereof, the Shares (including the new Shares issued pursuant to the exercise of options under ESOS) will be permitted to continue trading for 10 market days (the "Period") after the commencement of the Voluntary Liquidation of the Company.

In this respect, Shareholders and Optionholders should note that under the Singapore Companies Act, any transfer of shares in a company after the voluntary members' winding-up of that company has commenced shall be void, unless made with the sanction of the liquidators appointed over that company. Accordingly, the consent of any liquidators to be appointed in respect of the Voluntary Liquidation must also be obtained for any such proposed trading of Shares during the Period.

Revised Statements of Prospects

The Board also wishes to announce the following Revised Statement of Prospects (as defined and set out in the Offeree Board Circular)

1) On 5 August 2002, in the announcement of the unaudited results of the Group for the six months ended 30 June 2002, it was stated, inter alia, that: -

"The Group's Steel and Construction Products businesses mainly serve the construction industry in Singapore and the regional countries. Construction demand in these markets continues to remain soft while the China market is expected to maintain a moderate growth rate.

International steel prices for long products have increased due to a combination of rising scrap prices as well as shifts in supply and demand arising from the imposition of selective import duties by the United States. In Singapore, steel prices have firmed since mid-2002 together with those for raw materials but prices of other building materials including cement and related products remain depressed.

Steel Division

Benefits from recently contracted tonnages at better prices are expected to filter through over the next six months. However, higher feed costs will moderate these gains. Contributions from regional mills are expected to be lower due to keener competition, especially in China and Vietnam. Overall, the Steel Division is expected to at least maintain its first half performance.

Industrial Division

Weak market demand, especially in Singapore for cement/ready-mix and precast elements will result in losses for the Construction Products group in the second half. However, the Chemicals and Engineering groups are expected to improve on their first half performances. Overall, the Industrial Division is expected to incur losses for the next six months.

Electronics Division

Subject to customers' demand, BJ should be able to maintain its first half performance.

The Group

The Group's continuing businesses registered a pre-tax profit of \$16.1 mil for the six months ending 30 June 2002. Barring unforeseen circumstances, the Directors expect that this performance can be maintained for the second half of this year. Together with the realised and anticipated gains from disposal of the Group's stakes in NatSteel Broadway and NatSteel Brasil respectively, the Group's total pre-tax profit is expected to be substantially higher." ("Previous Statement")

The Previous Statement was not made in connection with the Offer. The Directors have not issued a profit forecast for the NSL Group for FY2002 in connection with the Offer.

The Previous Statement is now superseded by the Revised Statement of Prospects.

Since the announcement of the Group's unaudited results for the six months ended 30 June 2002, there have been certain developments, which in the view of the Directors require a refinement of the Previous

Statement. These developments include the following: -

"Prospects - Continuing businesses

Electronics Division - Based on current levels of performance, the division is now expected to perform better than in the first half year.

The Group's continuing businesses registered a pre-tax profit of \$16.1 million for the six months ending 30 June 2002. Barring unforeseen circumstances, the Directors expect that this performance can be maintained for the second half of this year.

However, profit after tax but before exceptional items for continuing businesses is expected to be significantly lower in the second half year than the S\$18.5 million in the first half year. This is due to the reversal of excess tax provisions and the recognition of deferred tax assets which resulted in a tax credit in the first half year. The Group expects to record a tax expense in the second half.

Exceptional Items and tax

a) Provision for impairment in property, plant and equipment - As set out on page 10 of the Offeree Board Circular, based on the reports of Chesterton International Property Consultants Pte Ltd, the valuation of Raffles Marina varies from S\$68.0 million to S\$25.5 million depending on the number of new members it is able to secure. At the year-end, the Group will assess whether any impairment writedown is required based on their assessment of the future market for the sale of club memberships.

b) Potential loss of tax benefits- As at 31 December 2001, the Group had tax losses of \$89.0 million and capital allowances of \$16.0 million available for carry forward to offset against future profits. Certain of these losses and capital allowances may be lost if there is a substantial change in the ultimate beneficial shareholding of NatSteel Limited, unless a specific waiver is obtained from the relevant tax authorities. In addition to the loss of the tax benefits, should there be a substantial change in such shareholding prior to 31 December 2002, the Group will record, in the Income Statement for the year ending 31 December 2002, an additional tax charge of approximately S\$7.5 million in respect of tax losses recognised to-date.

c) Provision for investment in associated companies - At 30 September 2002, the Group took an exceptional charge of S\$11.5m in respect of provision for diminution in value of two associated companies, to reflect the lower market values of a quoted associated company and the property held by an associated company respectively.

d) Transaction costs in respect of the proposed sale of assets and shares - The Company has and will continue to incur costs in respect of advisors' fees relating to the Proposed Sale, the 98 Holdings Offer and any other competing offer which may emerge, and any termination fee (as further discussed in Section 3.1.4 of the EGM Circular) which the Company may have to pay CCL. The estimated costs incurred up to 31 December 2002 will be charged to the Income Statement for the year.

However, given the gains arising on the sales of NatSteel Broadway

and NatSteel Brasil, the Directors still expect the profit after tax and exceptional items for the year to be significantly higher than the previous year." (the "**Revised Statement of Prospects**").

2) The Revised Statement of Prospects, for which the Directors are solely responsible, was arrived at on bases consistent with the accounting policies normally adopted by the NSL Group and has been made based on the following assumptions: -

(a) There will be no material changes in existing political, legal or regulatory conditions affecting the activities of the NSL Group, the industries or the countries in which the NSL Group operates.

(b) There will be no material adverse effect from any changes in the economic and financial positions of the NSL Group, its suppliers and its customers.

(c) There will be no material changes in the principal activities of the NSL Group.

(d) There will be no significant changes in the existing management, organisation structure and operational policies of the NSL Group.

(e) There will be no material changes in the substantial shareholders of NSL.

(f) There will be no material change in the bases or rates of taxation, provident fund contributions, tariffs, duties, and interest rates from those prevailing and which may affect the NSL Group's performance.

(g) There will be no material change in inflation rates.

(h) There will be no material change in the prevailing foreign currency exchange rates applicable to the NSL Group.

(i) Except for the disposal of NatSteel Broadway/NatSteel Brasil, there will be no significant acquisitions or disposals of subsidiaries, associated companies or investments by the NSL Group.

(j) There will be no significant disruptions arising from industrial or commercial disputes, or the supply of labour or any other causes that will affect the operations, profitability and financial position of the NSL Group.

(k) There will be no material changes in the costs of raw materials and supplies, labour costs, overheads and other costs from those currently prevailing.

(l) There will be no exceptional circumstances that require provisions to be made by the Company nor the NSL Group in respect of any material contingent liability, litigation or arbitration, threatened or otherwise, abnormal bad debts, uncompleted contracts or other assets, other than those already provided in the accounts or disclosed.

(m) There will be no material changes in accounting policies of the NSL

Group.

The Board will continue to keep Shareholders informed as developments warrant. 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.

Where any information has been extracted from published or otherwise publicly available sources or is otherwise provided by or on behalf of other parties, the sole responsibility of the Directors of the Company has been to ensure that such information has been accurately and correctly extracted from such sources or as the case may be, accurately reflected or reproduced in this announcement.

BY ORDER OF THE BOARD

LIM SU-LING
COMPANY SECRETARY
7 NOVEMBER 2002

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