

27 May 2003

The Board of Directors
NatSteel Limited


Dear Sirs

**NATSTEEL LIMITED
EXTRAORDINARY GENERAL MEETING ON 28 MAY 2003**

We enclose our press release in relation to the extraordinary general meeting of the shareholders of NatSteel Limited which has been convened for tomorrow, 28 May 2003.

The press release sets out our position on the matters proposed to be passed at the meeting.

Yours sincerely,



David Ban
Director
98 Holdings Pte Ltd

STATEMENT BY 98 HOLDINGS PTE LTD

98 Holdings Pte Ltd ("**98**") wishes to make the following statement in relation to the extraordinary general meeting ("**EGM**") to be held on 28 May 2003 to seek the approval of shareholders of NatSteel Ltd ("**NatSteel**") for the resolutions (the "**Resolutions**") which are set out in the Notice of the EGM appended to the Circular dated 2 May 2003.

98 notes the concerns raised by Sanion Enterprises Limited ("**Sanion**") in relation to the Resolutions and in particular to the interconditionality of certain of the Resolutions. Sanion has publicly stated that it proposes to vote against Resolution 1 which seeks amendments to be made to the Memorandum and Articles of Association of NatSteel.

98 supports the proposed Resolutions for the following reasons. Firstly, the duty of the Directors of NatSteel, as a collective body and individually, is to act in the best interests of NatSteel, which means to act in the interests of the shareholders as a whole. In discharging this duty, the Directors of NatSteel should not have regard to the peculiar circumstances of any particular shareholder, whether it be 98, Sanion or any other, regardless of the size of the shareholding interest. As a long-term shareholder of NatSteel, 98 welcomes the prudent practices of the Directors and management of NatSteel in ensuring that the company has sufficient resources to fund its future growth.

Secondly, Resolution 1 is needed to bring the Articles of Association of NatSteel in line with the recent amendments to the Listing Manual. 98 notes that many, if not most, of the leading companies listed on the SGX-ST have adopted similar amendments to their articles. Therefore, the proposed amendments cannot, in themselves, be considered to be objectionable.

Thirdly, the proposal to amend the Articles of NatSteel to permit scrip dividends and the proposed scrip dividend scheme will benefit shareholders who will then have an option to elect to receive shares or cash. There is a corresponding benefit to NatSteel in the event that shareholders elect to receive shares, in that it will be able to conserve cash flows which will provide for working capital requirements and allow Natsteel to take advantage of corporate opportunities as and when they arise.

98 wishes that all shareholders of NatSteel will be able to reap the benefits of the proposed Resolutions. To address the concerns of Sanion, 98 is prepared to support an amendment to Resolution 4 to require the adoption of a scrip dividend scheme to be subject to the passing of a whitewash resolution¹ to permit Sanion to elect to receive shares under the scrip dividend scheme. 98 will vote in favour of any such whitewash resolution that is proposed to the shareholders of NatSteel.

98 therefore invites Sanion and all other shareholders of NatSteel to support the proposals of the Directors and management of NatSteel, in their efforts to manage the group for the interests of shareholders as a whole, by voting in favour of the Resolutions.

¹ A whitewash resolution, passed in accordance with Appendix 1 to the Singapore Code on Take-overs and Mergers (the "Code") is a waiver of the rights of shareholders to receive a general offer from Sanion if, as a result of the allotment and issue of shares to Sanion pursuant to the scrip dividend scheme, Sanion incurs an obligation to make a general offer under Rule 14 of the Code.