



ANNOUNCEMENTS

27 May 2003

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The Board of Directors of NatSteel Ltd ("**NatSteel**" or the "**Company**") refers to the statement issued by 98 Holdings Pte. Ltd. ("**98 Holdings**") today.

The Board welcomes the statement made by 98 Holdings to support an amendment to the scrip dividend scheme resolution (Resolution 4) to be proposed at the extraordinary general meeting (the "**EGM**") of the Company tomorrow. The Board believes that such an amendment to Resolution 4 should accommodate the concerns which had been expressed by Sanion Enterprises Limited ("**Sanion**").

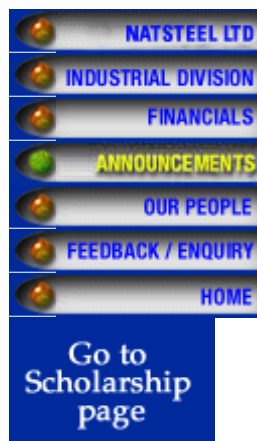
The effect of the amendment is that it would subject the implementation of the scrip dividend scheme by the Company to the passing of a whitewash resolution(1). With the passing of the whitewash resolution, Sanion may elect to receive NatSteel shares pursuant to the scrip dividend scheme without being required to make a takeover offer for NatSteel. 98 Holdings has confirmed to the Company that its representative will be proposing the amendment to Resolution 4 at the EGM tomorrow.

Sanion had expressed its concern that, with its 29.99 per cent. shareholding in NatSteel, it faces a high degree of risk of triggering a takeover obligation if it were to elect to convert its dividend into scrip. The amendment to Resolution 4 would defer the implementation of the scrip dividend scheme unless and until the whitewash resolution, waiving the obligation of Sanion to make a takeover offer for Sanion, is passed. The passing of the whitewash resolution would therefore enable Sanion to elect for a scrip dividend without being required to make a takeover offer for NatSteel.

If the amended Resolution 4 is passed, all shareholders will be able to participate in the scrip dividend scheme and the Company will have the opportunity to retain cash by allowing shareholders to elect for scrip in lieu of cash dividends.

The Board re-affirms its opinion that all the matters to be proposed at the EGM are in the interests of the Company and shareholders and continues to recommend that shareholders **VOTE IN FAVOUR** of all the Resolutions to be proposed at the EGM (including the amendment to Resolution 4 and the amended Resolution 4). Shareholders who have already submitted proxy forms may change the voting instructions in their proxy forms by submitting the amended voting instructions to the Company prior to the voting of the relevant Resolution at the EGM.

BY ORDER OF THE BOARD



Lim Su-Ling (Ms)
Company Secretary

Singapore
27 May 2003

Note:

1. A whitewash resolution is a resolution passed in accordance with Appendix 1 to The Singapore Code on Take-overs and Mergers and is subject to the prior approval of the Securities Industry Council (the "SIC"). It must be approved by a majority of NatSteel shareholders, present at the meeting and voting by way of a poll, and is subject to such other conditions as the SIC may impose. The whitewash resolution acts as a waiver by NatSteel shareholders of their rights to receive a general offer from Sanion. Sanion will be required to abstain from voting on the whitewash resolution. 98 Holdings has, in its statement released today, said that it will vote in favour of the whitewash resolution if it is proposed to NatSteel shareholders. Based on 98 Holdings' current shareholding in NatSteel, the whitewash resolution will be passed if 98 Holdings votes in favour of it.

[↑ Top](#)

[Back](#)

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