



ANNOUNCEMENTS

04 July 2003

Notice Of Extraordinary General Meeting



Notice Of Extraordinary General Meeting

Notice is hereby given that an Extraordinary General Meeting of the Members of NatSteel Ltd (the "**Company**") will be held at Level 4, Conference Room, 22 Tanjong Kling Road, Singapore 628048 on 31 July 2003 at 3.00 p.m. for the purpose of considering and, if thought fit, passing, with or without amendment, Resolutions 1 and 2 below which will be proposed as Special Resolutions and Resolutions 3, 4 and 5 below which will be proposed as Ordinary Resolutions:

SPECIAL RESOLUTIONS

Resolution 1: Approval for amendments to the Memorandum and Articles of Association and adoption of new Memorandum and Articles of Association

That the Memorandum and Articles of Association of the Company be and are hereby amended in the manner and to the extent set out in Appendix 3 to the circular to shareholders dated 4 July 2003 (the "**Circular**") and that the regulations of the Company contained in the new Memorandum and Articles of Association submitted at the Extraordinary General Meeting and for the purpose of identification subscribed to by the Chairman thereof, be approved and adopted as the Memorandum and Articles of Association of the Company in substitution for, and to the exclusion of, the existing Memorandum and Articles of Association of the Company.

Resolution 2: Approval for any financial assistance which may be given by the Company in connection with the acquisition of shares in the capital of the Company

That:

(1) approval be and is hereby given for any financial assistance which may be given by the Company for the purpose of, or in connection with, the acquisition of ordinary shares of S\$0.50 each ("**Shares**") in the capital of Company, in connection with the payment of the Special Dividend (as defined below); and

(2) the Directors and each of them be and are hereby authorised to complete and do all acts and things (including executing all such documents as may be required in connection with the said financial assistance) as they or he may consider desirable, necessary or expedient to give full effect to this Special Resolution.

ORDINARY RESOLUTIONS

Resolution 3: Approval for the Special Dividend

That, subject to and contingent upon the passing of Resolution 2 above, and compliance with the provisions of Section 76(10) of the Companies Act, Chapter 50 (the "**Act**") in respect of the financial assistance referred to in Resolution 2 above:

(1) approval be and is hereby given for the payment by the Company of a first and final dividend of 110 per cent. (S\$0.55) per Share for the financial year ended 31 December 2002, to the holders of the Shares which have been issued and are fully paid-up or credited as fully paid-up as at a books closure date to be determined by the Directors (the "**Special Dividend**");

(2) subject to and forthwith upon the resolution contained in paragraph (1) above taking effect, the revenue reserve account of the Company be reduced by the sum of approximately S\$205.5 million by the payment out of it of the Special Dividend; and

(3) the Directors and each of them be and are hereby authorised to complete and do all acts and things (including executing all such documents as may be required in connection with the Special Dividend) as they or he may consider desirable, necessary or expedient to give full effect to this Ordinary Resolution and the Special Dividend.

Resolution 4: Approval for the Share Issue Mandate

That, subject to and contingent upon the passing of Resolution 1 above, authority be and is hereby given to the Directors to:

(1)

(i) issue Shares whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(2) (notwithstanding the authority conferred by this Ordinary Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Ordinary Resolution was in force,

provided that:

(a) the aggregate number of Shares to be issued pursuant to this Ordinary Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Ordinary Resolution), does not exceed 50 per cent. of the issued share capital of the Company (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Ordinary Resolution) does not exceed 20 per cent. of the issued share capital of the Company (as calculated in accordance with sub-paragraph (b) below);

(b) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (the "SGX-ST")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (a) above, the percentage of issued share capital shall be based on the issued share capital of the Company at the time this Ordinary Resolution is passed, after adjusting for:

(I) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Ordinary Resolution is passed; and

(II) any subsequent consolidation or subdivision of Shares;

(c) in exercising the authority conferred by this Ordinary Resolution, the Company shall comply with the provisions of the listing manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(d) (unless revoked or varied by the Company in general meeting) the authority conferred by this Ordinary Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

Resolution 5: Approval for the Share Repurchase Mandate

That subject to and contingent upon the passing of Resolution 1 above:

(1) for the purposes of Sections 76C and 76E of the Act, the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire issued Shares not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price or prices as may be determined by

the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchases (each a **"Market Purchase"**) on the SGX-ST; and/or

(ii) off-market purchases (each an **"Off-Market Purchase"**) effected otherwise than on the SGX-ST in accordance with any equal access schemes as may be determined or formulated by the Directors as they consider fit, which schemes shall satisfy all the conditions prescribed by the Act,

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the **"Share Repurchase Mandate"**);

(2) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Repurchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next annual general meeting of the Company is held; or

(ii) the date by which the next annual general meeting of the Company is required by law to be held;

(3) in this Ordinary Resolution:

"Prescribed Limit" means 10 per cent. of the issued ordinary share capital of the Company as at the date of the passing of this Resolution; and

"Maximum Price" in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase : 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase : 120% of the Highest Last Dealt Price,

where:

"Average Closing Price" is the average of the closing market prices of a Share over the last five (5) market days on which transactions in the Shares were recorded, preceding the day of the Market Purchase and deemed to be adjusted for any corporate action that occurs after the relevant five day period;

"Highest Last Dealt Price" means the highest price transacted for a Share as recorded on the market day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase; and

"day of the making of the offer" means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(4) the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.

By order of the Board

Lim Su-Ling (Ms)
Company Secretary
Singapore
4 July 2003

Notes:

1. A member of the Company entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead.
2. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf.
3. A proxy need not be a member of the Company.
4. The instrument appointing a proxy must be deposited at the registered office of the Company at **22 Tanjong Kling Road, Singapore 628048**, not less than 48 hours before the time set for holding the Extraordinary General Meeting.

5. Information required by Section 76(10)(c) of the Act

5.1 Particulars of the financial assistance referred to in Resolution 2

The Directors recognise that during the period of the offer by 98 Holdings Pte Ltd for the Company (the "**98 Holdings Offer**"), there had been acquisitions of considerable numbers of Shares by various parties. Accordingly, in its deliberations on the Special Dividend, the Board concluded that there is a risk that any cash distribution made by the Company may be considered to

be the indirect rendering of financial assistance within the meaning of Section 76 of the Act, to shareholders of the Company in connection with their acquisition of Shares. For example, the Special Dividend may be used to repay the acquisition financing or to reduce the acquisition cost in relation to a shareholders' acquisition of Shares, which may in turn amount to financial assistance under Section 76 of the Act.

5.2 Reasons for the provision of financial assistance

The provision of financial assistance, if any, by the Company to its shareholders is in connection with the payment of the Special Dividend. In particular, the Company is requesting that shareholders approve the potential financial assistance in order to facilitate the payment of the Special Dividend. Shareholders should note that the Special Dividend is conditional upon the approval of the shareholders of the Company for the potential financial assistance and compliance with the provisions of Section 76(10) of the Act in respect of the potential financial assistance.

The Board has previously stated that it intends to maximise and unlock value for shareholders. Following the realisation of the value of the Company's investments in NatSteel Broadway Ltd ("**NBL**") and NatSteel Brasil Ltda ("**NatSteel Brasil**"), and after the lapsing of the offer by Crown Central Assets Limited for certain assets of the Company and the closing of the 98 Holdings Offer, the Company had on 16 April 2003 returned to shareholders by way of an interim dividend for the financial year ending 31 December 2003, S\$0.45 for each Share or a total of approximately S\$168.1 million.

The Board has recommended the Special Dividend to return a further S\$0.55 for each Share to shareholders. Upon the payment of the Special Dividend, the Company would have distributed a total of approximately S\$373.6 million, based on its issued share capital as at 30 April 2003, which amounts to approximately 63.4 per cent. of the net proceeds from the sale of NBL and NatSteel Brasil.

The distributions to shareholders indicate the Board's continued determination in line with its stated strategy to deliver and enhance value for shareholders while focusing management resources on the growth and development of the core steel and industrial businesses of the NatSteel Ltd group (the "**Group**"), which are capital intensive businesses.

5.3 Effect of the financial assistance on the financial position of the Company and its group of corporations

Having regard to the present financial position of the Company and its group of corporations (including future and contingent liabilities of the Company), the giving of any financial assistance by the Company is not expected

to have any material adverse effect on the Company or its group of corporations.

5.4 Statement under Section 76(10)(c) of the Act

Under Section 76(10)(c) of the Act, the notice specifying the intention to propose the financial assistance resolution as a special resolution has to be accompanied by a statement made in accordance with a resolution of the directors, setting out the names of any directors who voted against the resolution and the reasons why they so voted, stating whether, in the opinion of the directors who voted in favour of the resolution, after taking into account the financial position of the company (including future liabilities and contingent liabilities of the company), the giving of the financial assistance would be likely to prejudice materially the interests of the creditors or members of the company or any class of those creditors or members.

A copy of the statement dated 4 July 2003 made by the Directors pursuant to Section 76(10)(c) of the Act in accordance with a resolution passed unanimously by the Directors on 4 July 2003 is set out in Appendix 2 to the Circular.

6. Share Repurchase Mandate

The Company intends to use internal sources of funds, external borrowings, or a combination of internal resources and external borrowings, to finance purchases of its Shares. For illustrative purposes only, the financial effects of an assumed purchase or acquisition by the Company, on 3 July 2003, of 37,355,823 Shares (representing 10 per cent. of its issued ordinary share capital as at that date) at a purchase price equivalent to the Maximum Price for each Share, in the case of a Market Purchase and an Off-Market Purchase respectively, based on the audited accounts of the Group and the Company for the financial year ended 31 December 2002 and the unaudited financial statements of the Group and the Company for the 3 months ended 31 March 2003, and certain other assumptions, are set out in paragraph 6.8 and Appendix 4 of the Circular.

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