



ANNOUNCEMENTS

14 Sep 2005



Update on the Company's Business Strategy Review

The Directors of NATSTEEL LTD ("NSL" or the "Company") refer to the announcement dated 12 August 2005 relating to the review undertaken by the Strategy Review Committee on the future strategic direction for the Company.

During the course of that review and following its completion, the Board has been actively exploring growth opportunities for the Company through the acquisition of new core businesses as well as the expansion of existing businesses. To date, the acquisition proposals which have been examined by the Board have not been considered sufficiently attractive and/or appropriate for the Company to embark upon. The Board has accordingly decided not to proceed further with those proposals and has directed management to consider other areas for growth opportunities and value enhancements.

The Company has in the current financial year already distributed to shareholders a total of S\$224 million, representing approximately 49 per cent of the consideration received by the Company from the sale of the steel business. The remaining cash held by the Company amounts to approximately S\$444 million.

While the Board will continue to consider other growth opportunities, the investment environment has become increasingly uncertain and challenging due to recent macroeconomic factors. If none of the acquisition proposals which are currently being reviewed by the Board are found to be sufficiently attractive and/or appropriate for the Company to embark upon, the Board could consider distributing additional cash to shareholders. The Board may also consider rationalising certain non core business units in order to facilitate the distribution of both capital and reserves and maximise the return of cash to shareholders. However, the Company will continue to support the capital expenditure needs of its core businesses which are aimed at expanding and strengthening their competitive positions.

The Board will update shareholders in the fourth quarter of 2005 on the status of its on-going deliberations.

BY ORDER OF THE BOARD

Lim Su-Ling
Company Secretary
14 September 2005

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