

MANDATORY CONDITIONAL CASH OFFER

by

PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.

(Company Registration No. 200207389D)
(Incorporated in the Republic of Singapore)

for and on behalf of

OEI HONG LEONG FOUNDATION PTE. LTD.

(Company Registration No. 198003269K)
(Incorporated in the Republic of Singapore)

to acquire all the issued ordinary shares in the capital of

NATSTEEL LTD

(Company Registration No. 196100107C)
(Incorporated in the Republic of Singapore)

other than those already owned, controlled or agreed to be acquired by
Oei Hong Leong Foundation Pte. Ltd. and Sanion Enterprises Limited

1. INTRODUCTION

1.1 **The Offer.** PrimePartners Corporate Finance Pte. Ltd. (“**PPCF**”) wishes to announce, for and on behalf of Oei Hong Leong Foundation Pte. Ltd. (formerly known as Chip Lian Investments Pte. Ltd.) (the “**Offeror**”), that the Offeror intends to make a mandatory conditional cash offer (the “**Offer**”) for all the issued ordinary shares (the “**Shares**”) in the capital of NatSteel Ltd (“**NatSteel**”) other than those already owned, controlled or agreed to be acquired by the Offeror and Sanion Enterprises Limited (“**Sanion**”). The Offeror and Sanion are companies which are ultimately controlled by Mr Oei Hong Leong. Further information on the Offeror is set out in paragraph 3 below.

1.2 **The Acquisition.** Prior to the date of this Announcement, the Offeror and Sanion owned an aggregate of 112,066,000 Shares, representing approximately 29.9996% of the total number of Shares in issue¹.

The Offeror has today acquired an aggregate of 58,000 Shares representing approximately 0.0155% of the total number of Shares in issue, at S\$1.28 per Share in respect of 11,000 Shares and S\$1.30 per Share in respect of 47,000 Shares (the “**Acquisition**”). As a consequence of the Acquisition, the Offeror and Sanion own or control an aggregate of 112,124,000 Shares, representing approximately 30.0151% of the total number of Shares in issue.

1.3 **Mandatory Offer.** As a result of the Acquisition and in accordance with Rule 14.1(a) of The Singapore Code on Take-overs and Mergers (the “**Code**”), the Offeror is required to make a mandatory conditional cash offer for all the Shares not already owned, controlled or agreed to be acquired by the Offeror and Sanion.

¹ Unless otherwise stated, references in this Announcement to the total number of Shares in issue are based on 373,558,237 Shares (based on a search conducted at the Accounting and Corporate Regulatory Authority of Singapore on 26 May 2006).

2. THE OFFER

2.1 **Offer Terms.** In accordance with Rule 14.1(a) of the Code, the Offeror will make the Offer for all the Shares not already owned, controlled or agreed to be acquired by the Offeror and Sanion (the “**Offer Shares**”), subject to and upon the following principal terms and conditions:-

(a) The Offer will be made on the following basis:-

For each Offer Share: S\$1.30 in cash (the “Offer Price”).

- (b) In accordance with Rule 19 of the Code, the Offer will be extended to all new Shares unconditionally issued or to be issued pursuant to the valid exercise prior to the close of the Offer of any share options to subscribe for new Shares (the “**Options**”) which, subject to compliance with Rule 5 of the Code, are granted under the NatSteel Ltd Share Option Scheme prior to the close of the Offer. For the purposes of the Offer, the expression “**Offer Shares**” shall include such Shares.
- (c) The Offer Shares are to be acquired fully paid and free from all claims, charges, equities, liens, pledges and other encumbrances and together with all rights, benefits, entitlements and advantages attached thereto as at the date of this Announcement and hereafter attaching thereto, including the right to all dividends, rights and other distributions (if any) declared, made or paid thereon on or after the date of this Announcement.

Without prejudice to the generality of the foregoing, the Offer Price has been determined on the basis that the Offer Shares will be acquired with the right to receive any dividends that may be declared, made or paid by NatSteel on or after the date of this Announcement (“**NatSteel Dividend**”). In the event any NatSteel Dividend has been paid by NatSteel to a shareholder of NatSteel (“**Shareholder**”) who accepts the Offer, the Offer Price payable to such accepting Shareholder shall be reduced by an amount which is equal to the net amount of such NatSteel Dividend (being the gross dividend less 20% Singapore income tax, if applicable) paid by NatSteel to such accepting Shareholder. Accordingly, the following will apply if any NatSteel Dividend is declared, made or paid by NatSteel on or after the date of this Announcement:-

- (i) if the settlement date in respect of the Offer Shares accepted pursuant to the Offer falls on or before the books closure date for the determination of entitlements to the NatSteel Dividend (“**Books Closure Date**”), the Offeror will pay the relevant accepting Shareholders the Offer Price of S\$1.30 in cash for each Offer Share, as the Offeror will receive the NatSteel Dividend in respect of those Offer Shares from NatSteel; and
- (ii) if the settlement date in respect of the Offer Shares accepted pursuant to the Offer falls after the Books Closure Date, the net amount of the NatSteel Dividend in respect of such Offer Shares will be deducted from the Offer Price payable for such Offer Shares, as the Offeror will not receive the NatSteel Dividend in respect of those Offer Shares from NatSteel.
- (d) The Offer will be extended, on the same terms and conditions, to all the issued Shares owned, controlled or agreed to be acquired by parties acting in concert with the Offeror in connection with the Offer.

2.2 **Condition of the Offer.** The Offer will be conditional upon the Offeror having received, by the close of the Offer, valid acceptances in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the

Offeror and parties acting in concert with it (either before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror and parties acting in concert with it holding such number of Shares carrying more than 50% of the voting rights attributable to the issued Shares in the capital of NatSteel as at the close of the Offer (including any voting rights attributable to Shares unconditionally issued or to be issued pursuant to the valid exercise of any outstanding Options prior to the close of the Offer).

Accordingly, the Offer will not become or be capable of being declared unconditional as to acceptances until the close of the Offer, unless at any time prior to the close of the Offer, the Offeror has received valid acceptances in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it (either before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror and parties acting in concert with it holding such number of Shares carrying more than 50% of the voting rights attributable to the maximum potential issued Shares in the capital of NatSteel. For these purposes, the **“maximum potential issued Shares in the capital of NatSteel”** means the total number of Shares which would be in issue had all the outstanding Options (if any) been validly exercised as of the date of such declaration.

The Offer will be unconditional in all other respects.

- 2.3 **Options.** As at the date of this Announcement, based on publicly available information, there are no outstanding Options which have been granted by NatSteel.

3. INFORMATION ON THE OFFEROR

The Offeror is a private company limited by shares and was incorporated in Singapore on 12 September 1980. Its principal activities are those of an investment holding company. As at the date of this Announcement, the Offeror has an issued and paid-up capital of S\$1,000,000 comprising a total of 1,000,000 ordinary shares. The directors of the Offeror are Mr Oei Hong Leong and Mrs Oei Chu Yue Mei, who is the spouse of Mr Oei Hong Leong. The Offeror is a wholly-owned subsidiary of Chip Lian Private Limited (**“Chip Lian”**).

Chip Lian is a private exempt company limited by shares and was incorporated in Singapore in 1971. As at the date of this Announcement, Chip Lian has an issued and paid-up capital of S\$10,000,000 comprising 100,000 ordinary shares. The directors and shareholders of Chip Lian are Mr Oei Hong Leong and Mrs Oei Chu Yue Mei.

4. INFORMATION ON NATSTEEL

The following information on NatSteel is based on publicly available information (including NatSteel’s annual report for the financial year ended 31 December 2005 and information available on the websites of NatSteel and the Singapore Exchange Securities Trading Limited (the **“SGX-ST”**)).

NatSteel was incorporated in Singapore on 12 August 1961 under the name of “National Iron and Steel Mills Limited and changed its name to “NatSteel Ltd” on 31 May 1990. It has been listed on the Main Board of the SGX-ST since 1964. NatSteel and its subsidiaries (the **“NatSteel Group”**) is a leading industrial group in Asia Pacific. Having completed the sale of its Singapore and regional steel businesses to The Tata Iron and Steel Company Limited in February 2005, the NatSteel Group currently has three main businesses comprising construction products, chemicals and engineering with operations and joint ventures in eight countries. The construction products group of NatSteel is one of the key players in precast concrete, premix mortar and building-related products in Singapore. The chemicals group of NatSteel is a leading environmental and specialty chemicals and services provider. The engineering group of NatSteel has recently been refocused to concentrate on proprietary engineering products and services and is a leading manufacturer of container spreaders.

Based on a search conducted at the Accounting and Corporate Regulatory Authority of Singapore on 26 May 2006, NatSteel has an issued and paid-up capital of S\$193,838,796 comprising a total of 373,558,237 issued Shares.

The directors of NatSteel are Messrs Cham Tao Soon, Ang Kong Hua, David Ban Song Long, John Koh Tiong Lu, David Fu Kuo Chen and Tan Tat Wai.

5. DISCLOSURES OF SHAREHOLDINGS AND DEALINGS

- 5.1 **Shareholdings.** As at the date of this Announcement, the Offeror and Sanion own, control and/or have agreed to acquire an aggregate of 112,124,000 Shares, representing approximately 30.0151% of the total number of Shares in issue, details of which are set out below:-

Name	Number of Shares	% of Shares in issue
The Offeror	94,000	0.02516
Sanion	112,030,000	29.98997
Total	112,124,000	30.01513

- 5.2 **No Other Holdings.** Save as disclosed in paragraph 5.1 above, based on the latest information available to the Offeror, none of (i) the Offeror and its directors, (ii) Chip Lian and its directors, (iii) the wholly owned subsidiaries of the Offeror and Chip Lian, (iv) PPCF as financial adviser, and (v) the wholly-owned subsidiaries of PPCF (collectively, the “**Relevant Persons**”) owns, controls or has agreed to acquire any Shares or securities which carry voting rights in NatSteel or are convertible into Shares or securities which carry voting rights in NatSteel, or rights to subscribe for, or options in respect of, Shares or such securities as at the date of this Announcement.
- 5.3 **Dealings and Irrevocable Undertakings.** Save as disclosed below, based on the latest information available to the Offeror, none of the Relevant Persons (i) has dealt for value in any Shares or Options from 26 November 2005 (being six (6) months immediately preceding the date of this Announcement) to the date of this Announcement (the “**Reference Period**”) or (ii) has received any irrevocable undertaking from any party to accept or reject the Offer.

The dealings by the Relevant Persons in respect of the Shares during the Reference Period were as follows:-

Relevant Person	Date of Transaction	Number of Shares Purchased	Price Paid per Share (S\$)
The Offeror	23 May 2006	28,000	1.29
The Offeror	24 May 2006	8,000	1.29
The Offeror	26 May 2006	11,000	1.28
The Offeror	26 May 2006	47,000	1.30

- 5.4 **Further Enquiries.** In the interests of confidentiality, the Offeror and PPCF have not made enquiries in respect of (i) subsidiaries which are not wholly-owned by the Offeror and Chip Lian and (ii) certain other parties who are or may be presumed to be acting in concert with the Offeror in connection with the Offer. Further enquiries will be made of such persons and the relevant disclosures will be made in due course and in the formal document containing the terms and conditions of the Offer (the “**Offer Document**”).

6. CONFIRMATION OF FINANCIAL RESOURCES

PPCF, as financial adviser to the Offeror, confirms that sufficient financial resources are available to the Offeror to satisfy in full all acceptances of the Offer.

7. OFFER DOCUMENT

The Offer Document containing the terms and conditions of the Offer, and enclosing the appropriate form(s) of acceptance, will be despatched to Shareholders not earlier than 14 days and not later than 21 days from the date of this Announcement. Shareholders are advised to exercise caution when dealing in the Shares.

8. OVERSEAS SHAREHOLDERS

8.1 **Overseas Shareholders.** The making of the Offer to Shareholders whose addresses are outside Singapore as shown in the register of members of NatSteel or in the records of The Central Depository (Pte) Limited (as the case may be) ("**Overseas Shareholders**") may be affected by the laws of the relevant overseas jurisdictions. Accordingly, Overseas Shareholders should inform themselves about and observe any applicable legal requirements. Further details in relation to Overseas Shareholders will be set out in the Offer Document.

8.2 **Copies of Offer Document.** Where there are potential restrictions on sending the Offer Document and the appropriate form(s) of acceptance to any overseas jurisdiction, the Offeror and PPCF each reserves the right not to send the Offer Document and the appropriate form(s) of acceptance to such overseas jurisdictions. Any affected Overseas Shareholder may, nonetheless, obtain a copy of the Offer Document and the appropriate form(s) of acceptance from the office of NatSteel's share registrar, M & C Services Private Limited at 138 Robinson Road #17-00, The Corporate Office, Singapore 068906. Alternatively, an Overseas Shareholder may write to NatSteel's share registrar to request for the Offer Document and the appropriate form(s) of acceptance to be sent to an address in Singapore by ordinary post at his own risk.

9. RESPONSIBILITY STATEMENT

The directors of the Offeror (including those who may have delegated detailed supervision of this Announcement) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Announcement are fair and accurate and that no material facts have been omitted from this Announcement, and they jointly and severally accept responsibility accordingly.

Where any information has been extracted from published or otherwise publicly available sources (including, without limitation, information relating to the NatSteel Group), the sole responsibility of the directors of the Offeror has been to ensure through reasonable enquiries that such information is accurately and correctly extracted from such sources or, as the case may be, accurately reflected or reproduced in this Announcement.

Issued by

PrimePartners Corporate Finance Pte. Ltd.

For and on behalf of

Oei Hong Leong Foundation Pte. Ltd.

26 May 2006