

26 May 2006

MANDATORY CONDITIONAL CASH OFFER FOR NATSTEEL LTD

The Board of Directors (the "Board") of NATSTEEL LTD ("NATSTEEL" or the "Company") wishes to refer shareholders of the Company ("Shareholders") to the announcement dated 26 May 2006 (the "Offer Announcement") made by PrimePartners Corporate Finance Pte. Ltd., for and on behalf of Oei Hong Leong Foundation Pte. Ltd. (formerly known as Chip Lian Investments Pte. Ltd.) (the "Offeror"), in respect of a mandatory conditional cash offer (the "Offer") to acquire all the issued ordinary shares ("Shares") in the capital of the Company, 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. A copy of the Offer Announcement is set out in the Appendix to this Announcement. Neither the Company nor the Board was involved in the preparation of the Offer Announcement and they do not take any responsibility for the same.

The Board of Directors of the Company will appoint an independent financial adviser in connection with the Offer. A circular containing the advice of the independent financial adviser and the recommendation of the Directors of the Company will be sent to Shareholders within 14 days from the date of despatch of the offer document to be issued by the Offeror in connection with the Offer. In the meantime, Shareholders are advised to refrain from taking any action in relation to their Shares which may be prejudicial to their interests.

The Directors of the Company (including those who have delegated detailed supervision of this Announcement) have taken all reasonable care to ensure that the facts stated 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.

By Order of the Board

Lim Su-Ling
Company Secretary
26 May 2006