

## **NATSTEEL Ltd**

### **Acquisition of Bank Loan by Subsidiary from DBS Bank**

NATSTEEL Ltd ("the Company") wishes to announce that its wholly-owned subsidiary, NSL Resorts International Pte Ltd ("NSR") has on 8<sup>th</sup> October 2007 acquired by means of an assignment, an outstanding bank loan (including accrued interest) of S\$22,586,003.86 ("the Loan") granted to Raffles Marina Ltd ("RML") by DBS Bank Ltd ("DBS") for a total cash consideration of S\$6,696,003.86.

All security in relation to the Loan, including the mortgage of the property at 10 Tuas West Drive Singapore, will, subject to the approval of the Jurong Town Corporation, be transferred to NSR. Notice will be given to RML to make all future repayments of the Loan to NSR.

As part of the above transaction, Raffles Marina Holdings Ltd ("RMHL") will also redeem 15,645,270 Class 1 redeemable preference shares held by DBS for a nominal consideration of S\$1.00. These preference shares will be cancelled by RMHL upon the redemption.

RML is a wholly-owned subsidiary of RMHL, which in turn is a 50.1% owned subsidiary of NSR. RML owns and manages the club, Raffles Marina.

After due consideration of RML's prevailing and anticipated operating conditions, both parties agreed on the assignment of the Loan. The transaction is arrived at on a willing buyer-willing seller basis and is funded by internal resources.

Although RML operates viably, with consistent cash operating profits, it is not expected to be able to meet future repayment obligations of the Loan and set aside the needed capital funds for expansion at the same time.

With the assignment, the way is now clear for NSR together with RML, and all stakeholders, to plan and discuss developments and value enhancement strategies for the club.

This transaction (assignment of debt as well as redemption of shares) will result in an exceptional accounting gain of approximately \$31.4 mil to NATSTEEL Ltd and its group of companies for the current financial year.

### **Financial Effect**

The effect of the above-mentioned transaction on the net tangible assets (NTA) per share of the Group for the most recently completed financial year, assuming that the transaction had been effected at the end of that financial year, are as follows:

	Before transaction	After transaction
NTA per share (\$)	1.18	1.27

The effect of the transaction on the earnings per share (EPS) of the Group for the most recently completed financial year, assuming that the transaction had been effected at the beginning of that financial year, are as follows:

	Before transaction	After transaction
EPS (cents)	35.4	44.0

#### **Directors' Interests**

Save for Mr. Ang Kong Hua, who is an Executive Director of NATSTEEL Ltd as well as Non-Executive Director of DBS Bank Ltd and DBS Group Holdings Ltd, none of the directors or substantial shareholders of NATSTEEL Ltd has any direct or indirect interest in this transaction.

Mr Ang Kong Hua had abstained from participating in all discussions and decision-making relating to this transaction.

By Order of the Board

Lim Su-Ling  
Company Secretary  
8 October 2007

Announcement pursuant to rule 703(1) of the Listing Manual of the SGX-ST.