

Unlocking  
Value

A N N U A L

R E P O R T

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# The NatSteel Group

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NatSteel is a multi-industry manufacturing group headquartered in Singapore. The Group has three businesses: Steel, Industrial (comprising Construction Products, Chemicals and Engineering) and Electronics.

The Steel Division has a regional network of mini-mills in Singapore, Malaysia, China, the Philippines and Vietnam, and an investment in a Brazilian integrated mill. Singapore serves as the hub providing R&D, engineering, logistics, sourcing and other support services.

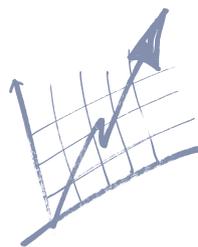
The Industrial Division is one of the key players for cement, concrete, precast concrete, premix mortar and related building products in Singapore. Other business activities of this division include specialty and environmental chemicals, engineering products and services.

The key company in the Electronics Division is NatSteel Broadway Ltd, one of the largest integrated contract manufacturer in southern China.

NatSteel is widely recognised as an extensive user of technology to provide innovative solutions to industry. The Group partners eminent local industry and tertiary institutions to develop industrial best practices and leading technologies in its fields. It is a socially responsible corporate citizen, with four companies in the Group achieving ISO 14001 certification.

The Group has operations and joint ventures in 13 countries. It has been listed on the Stock Exchange of Singapore since 1964.

More information on the Group can be found on our website at [www.natsteel.com.sg](http://www.natsteel.com.sg).



SGX:NatSteel Ltd, Bloomberg: NATS SP Equity, and Reuters: NATS.SI

# Group Financial Highlights

	1996	1997	1998	1999	2000
<b>For the Year (S\$'000)</b>					
Turnover	2,232,196	2,668,971	1,482,812*	1,401,460*	1,440,714*
Profit before taxation	68,801#	60,872#	92,027#	134,565#	985,019
Profit after taxation and minority interests	30,009#	10,659#	43,855#	83,154#	949,652
Capital expenditure	148,519	242,890	177,166	104,536	91,020
<b>At Year-end (S\$'000)</b>					
Shareholders' funds	694,606	816,089	889,338	949,790	1,626,890
Total assets	2,070,555	2,350,517	2,150,539	2,134,482	3,175,056
<b>Per Share</b>					
Earnings after tax after extraordinary items (cents)					
• if preference shares are redeemed	9.3	1.2	8.7	19.2	258.9
Gross dividend rate (%)					
• interim & final	16	16	8	16	8
• special	-	-	-	-	182
Net tangible assets (S\$)	2.14	2.47	2.47	2.64	4.48
<b>Others</b>					
No. of employees	15,501	18,658	11,695*	17,363*	17,180*

\* NEL associate wef 10 Oct 97  
No consolidation of NEL's 1998, 1999 & 2000 turnover & employees

# In compliance with the revised Singapore Statement of Accounting Standard 8 (2000) "Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies", certain items previously classified as extraordinary items are now included as part of the operating profit in the income statements.

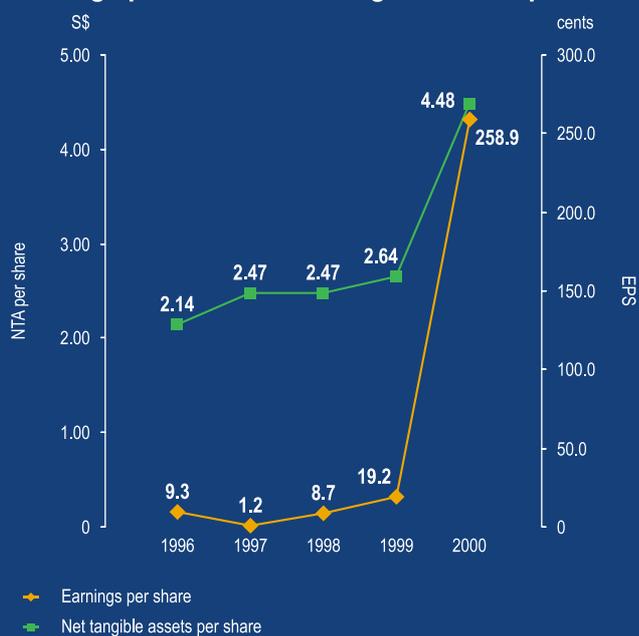
## Group Turnover & Profit before tax



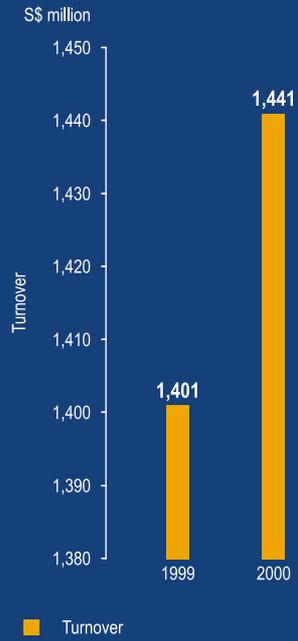
## Shareholders' funds & Total assets



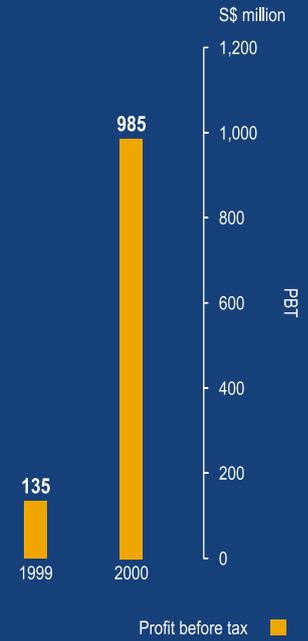
## Earnings per share & Net tangible assets per share



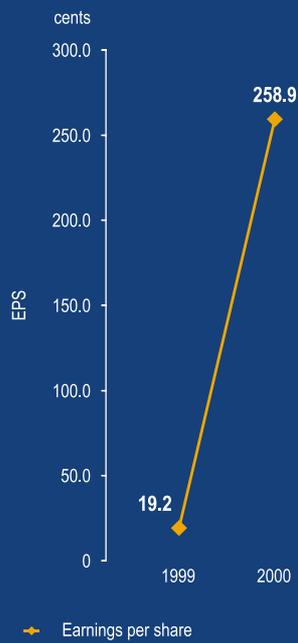
### Group Turnover



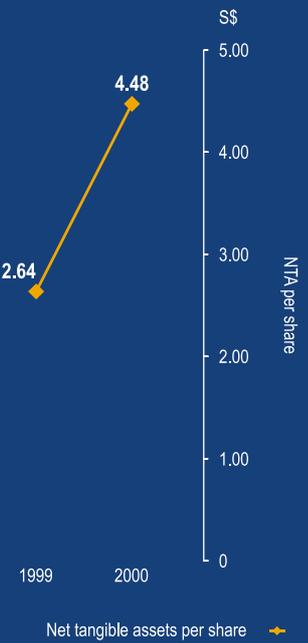
### Group Profit before tax



### Earnings per share



### Net tangible assets per share



# Chairman's Statement

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## Unlocking Value

During the year, the Group achieved a significant milestone in its announced strategy to unlock shareholders' value. It successfully divested its 33% shareholding in NatSteel Electronics (NEL) at a 74% premium over the last transacted price and at a premium of 156% over the price prior to market speculation of the divestment taking place. The Group netted proceeds of \$1.125b, after expenses.

The divestment represented a significant step in realising the Group's stated objectives of maximising value through the unlocking of the value of its constituent businesses and focusing management resources to drive the development and growth of the Group's core businesses.

The Group intends to return about 50% of the net proceeds to shareholders. A special dividend of \$0.71 per share or a total of \$257.3m was distributed to shareholders. Approval from the High Court is being sought to distribute the balance of approximately \$318.2m, by way of a capital distribution of \$0.87 per share. The two distributions will return a total of \$1.58 per share or approximately \$575.5m to shareholders.

## 2000 In Perspective

The Group reported a profit before tax of \$985m on a turnover of \$1,441m. Compared to 1999, profit before tax increased by \$850.4m largely due to increased contributions from the Electronics division. The rise in Electronics contributions came mainly from the gain on the NEL divestment. On the other hand, the Singapore Steel and Industrial businesses were negatively impacted by the continued weak construction sector. Compared with 1999, the Singapore construction sector contracted 4.6% and demand for key construction materials dropped, on average, by 12% in 2000.

Attributable profit for the year was \$949.7m, resulting in earnings per share rising from 19.2 cents per share to 258.9 cents per share. Net tangible asset increased from \$2.64 per share to \$4.48 per share. The Group ended 2000 with a net cash position compared with a net debt of \$546m as at end of 1999. In line with international accounting practice, this year's results were reported under the new Singapore Accounting Standards (SAS) 8.

During the year, the Group made strides in the areas of R&D, technology and environmental management. Eastern Steel Services launched ECutBend, a web-based supply chain system for our fabricated steel customers to conduct a wide range of transactions with the Group electronically. ECutBend is offered through Building Gateway, a vertically integrated e-commerce platform for the building and construction industry, in which the Group has a 70% stake.

Recently, Singapore adopted new standards for steel used in the building and construction industry. During the year, the Group launched three new steel products, NatSteel 500 (NS500), New Engineered Wire 500 (NEW500) and New Engineered Fabric (NEF500), which exceeded technical specifications of the new Singapore Standards. To give homeowners peace of mind, these products also meet the non-compulsory radioactivity specifications in these standards as well as International Atomic Energy Agency standards of radiation safety.

In the area of environmental management, Singapore Steel achieved certification to ISO 14001, the internationally recognised standard for environmental management and best practices, for the manufacture of its steel products. The company is amongst the first mini-mills in the world to achieve this coveted endorsement and it is testimony to the Group's committed and concerted efforts to being a socially and environmentally responsible corporation.

## Going Forward

For 2001, the Singapore construction sector output is expected to grow between 3% and 5%, reversing the negative growth trend since the second quarter of 1998. The Building and Construction Authority has forecast total contract awards in 2001 to reach \$15b, an increase of 32% over 2000. However, given the typical time lag, the flow through in terms of construction material demand is expected to be felt largely from 2002. The markets for the overseas operations are also experiencing positive economic growth which will over time filter into the construction sector, but margins could continue to be under pressure. Performance for the Electronics businesses will track global electronics outsourcing trends.

Going forward for the Steel business, the Group will continue to seek opportunities to enhance the already extensive and valuable downstream, marketing and distribution franchise established. It will also continue to seek to organise the steel network as a global supply chain to maximise comparative advantages and pursue collaborative opportunities to achieve synergistic benefits. For Singapore Steel, it will aggressively consider strategies to address the squeeze on margins arising from increases in electricity and feed costs and competitive selling prices.

The Construction Products group will seek internal restructuring, consolidation and selective growth opportunities to position itself to meet market challenges.

The Group will continue to review all its constituent businesses to realise their fullest value commercially practicable and focus resources on its core businesses. With its enhanced financial position, the Group is well placed to seek opportunities to strengthen and grow these businesses. However, these must be pursued in appropriate market conditions and pricing to maximise value.

## Dividends

The Company has declared and paid interim and special dividends totaling about \$0.74 per ordinary share net of tax. The Company has also proposed to pay a further \$0.87 per share to ordinary shareholders by way of a Capital Reduction. Subject to High Court sanction for the Proposed Capital Reduction, a total of \$1.61 per share would be paid to ordinary shareholders. As such, the Directors do not recommend a final dividend for the financial year ended 31 December 2000.

## Acknowledgements

On behalf of the Board, I thank all shareholders, customers, business partners and employees for their support and contributions in 2000. I also thank the Board of Directors for their continued support and guidance.



Dr Cham Tao Soon  
Chairman  
26 March 2001

# Significant Events in 2000

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## 1<sup>st</sup> Quarter

### March

- Eastern Pretech Pte Ltd, a wholly-owned subsidiary of the construction products group, Eastern Industries Pte Ltd, acquired a 78% stake in Oy Parmarine Ltd in Finland.

## 3<sup>rd</sup> Quarter

### July

- Eastern Wire Pte Ltd acquired a 61.8% stake in Best Bar Pty Ltd, a cut-and-bend and mesh business with operations in Perth and Melbourne.
- NatSteel Group was shortlisted as one of the three finalists for the corporate transparency award in the multi-industry category by the Securities Investors Association of Singapore (SIAS).
- NatSteel was awarded the ISO 14001 certification by the Productivity and Standards Board, in recognition of its environmental management system for the manufacture of steel products. It is one of the first mini-mills in the world to achieve this distinction.

### September

- Wholly-owned NatSteel Technology Investments Pte Ltd (NTI) took a 70% stake in Building Gateway, a joint venture established by NTI and Novasprint to provide e-commerce gateway services for the building and construction industry.
- Eastern Steel Services launched ECutBend, a web-based supply chain system, through Building Gateway to allow customers of Eastern Steel Services and NatSteel to conduct a wide range of transactions for steel products and services with the Group electronically.

## 2<sup>nd</sup> Quarter

### April

- SteelAsia Manufacturing Corporation completed its voluntary debt restructuring exercise and corporate reorganisation.

### May

- NatSteel Group announced plans to unlock shareholders' value through the divestment of non-core assets and focus management efforts on its core businesses.
- NatSteelVina was awarded ISO 9002 certification.

## 4<sup>th</sup> Quarter

### October

- NatSteel launched new steel products which exceeded technical specifications of the new Singapore Standards in steel used in the building and construction industry.

### December

- Eastern Wire Pte Ltd, subscribed for further shares in EW Reinforcement Pty Ltd of Australia.
- NatSteel Group completed \$1.16 billion sale of its 33% stake in NatSteel Electronics Ltd to Lionhead Acquisition Corp, a wholly-owned subsidiary of Solectron Corporation.
- The Group declared special dividend of \$257.3 million or \$0.71 per NatSteel share.

# Board of Directors

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## CHAIRMAN

### Dr Cham Tao Soon

*President*

- Nanyang Technological University

*Director*

- Ei-Nets Ltd
- Keppel Corporation Ltd
- United Overseas Bank Ltd
- WBL Corporation Ltd

*Chairman*

- Singapore Symphonia Co Ltd

## PRESIDENT/DIRECTOR

### Ang Kong Hua

*Chairman*

- Intraco Limited
- NatSteel Broadway Ltd

*Director*

- K1 Ventures Limited
- Southern Steel Berhad
- Transpac Industrial Holdings Limited

*Chairman*

- Securities Industry Council

*Director*

- Government of Singapore Investment Corporation Private Limited
- GIC Special Investments Private Limited
- Singapore Labour Foundation

## DIRECTORS

### Dr Tan Tat Wai

*Group Managing Director*

- Southern Steel Berhad

*Director*

- Nanyang Press (Holdings) Berhad
- Shangri-La Hotels (Malaysia) Berhad

### Eric Ang Teik Lim

*Managing Director & Joint Head Investment Banking Group*

- DBS Bank

### Lim Chee Onn

*Executive Chairman*

- Keppel Corporation Ltd

*Chairman*

- Keppel Land Ltd
- Keppel Capital Holdings Ltd
- Keppel TatLee Bank Ltd

*Director*

- Temasek Holdings (Pte) Ltd
- Singapore Airlines Ltd

*Chairman*

- National Heritage Board
- Singapore-Suzhou Township Development Pte Ltd
- MobileOne (Asia) Pte Ltd

### Oliver Tan Kok Kheng

*Director & Chairman of Risk Review Committee*

- Vickers Capital Limited

*Advisor*

- LKN-Primefield Ltd

### Tan I Tong

*Director*

- City Developments Ltd
- Hong Leong Asia Ltd
- Hong Leong Finance Ltd
- Republic Hotels & Resorts Ltd
- Singapore Finance Ltd
- Tripartite Developers Pte Ltd

### Thai Chee Ken

*Chairman*

- Inchcape Motors Limited
- Audit Committee of NatSteel Ltd

*Director*

- Keppel Land Ltd
- NatSteel Broadway Ltd
- United Engineers Ltd

*Chairman*

- Nanyang Polytechnic

### Prof Walter Woon Cheong Ming

*Ambassador*

- Embassy of Singapore in the Federal Republic of Germany and Greece

# Corporate Research and Development Advisory Panel

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## Chairman

### Dr Cham Tao Soon

#### *President*

- Nanyang Technological University

#### *Director*

- Ei-Nets Ltd
- Keppel Corporation Ltd
- United Overseas Bank Ltd
- WBL Corporation Ltd

#### *Chairman*

- Singapore Symphonia Co Ltd

## Members

### Ang Kong Hua

#### *Chairman*

- Intraco Limited
- NatSteel Broadway Ltd

#### *Director*

- K1 Ventures Limited
- Southern Steel Berhad
- Transpac Industrial Holdings Limited

#### *Chairman*

- Securities Industry Council

#### *Director*

- Government of Singapore Investment Corporation Private Limited
- GIC Special Investments Private Limited
- Singapore Labour Foundation

### Assoc Prof Bong Tet Yin

- Division of Thermal and Fluid Engineering
- School of Mechanical and Production Engineering  
Nanyang Technological University

### Dr Lee Hing Yan

#### *Managing Director*

- eXage Bridging Unit  
Kent Ridge Digital Labs

### Dr Loh Wah Sing

#### *Divisional Director*

(Technology Development)

- Singapore Productivity and Standards Board

#### *Director*

- Novo Environmental Technology Services Pte Ltd
- Polymer Coating Technologies of Singapore Pte Ltd
- Regional Institute of Environmental Technology

### Dr Tan Tat Wai

#### *Group Managing Director*

- Southern Steel Berhad

#### *Director*

- Nanyang Press (Holdings) Berhad
- Shangri-La Hotels (Malaysia) Berhad

### Prof Fong Hock Sun

#### *Dean*

- School of Materials Engineering  
Nanyang Technological University

# Senior Management Directory

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## PRESIDENT

**Mr Ang Kong Hua**

## DEPUTY PRESIDENT

**Mr Chong Wai Siak**

**Commercial**

## EXECUTIVE VICE PRESIDENTS

**Mr Chang Meng**

### **Operations**

- Environmental Health & Safety
- Human Resource
- Works

**Mr Gan Kim Yong**

### **International / Investment**

**Dr Josephine Kwa**

### **Technology**

- Corporate Research & Development
- Information Technology

**Ms Leong Wai Leng**

### **Corporate Development**

- Corporate Communications
- Corporate Development
- Internal Audit
- Legal & Secretariat Services

**Mr Lim Say Yan**

### **Finance / Treasury**

- Financial Management & Group Accounts
- Taxation
- Treasury

# Corporate Structure

## NATSTEEL GROUP (Key Companies)



Roman Type: Subsidiary companies

*Italic Type: Associated companies*

# 5-Year Financial Summary

FINANCIAL PROFILE (S\$'000)	1996	1997	1998	1999	2000
Turnover	2,232,196	2,668,971	1,482,812*	1,401,460*	1,440,714*
Profit from operations	75,186 <sup>#</sup>	76,090 <sup>#</sup>	121,377 <sup>#</sup>	121,305 <sup>#</sup>	959,763
Investment & interest income	10,509	16,416	16,891	8,637	13,261
Share of results of associated companies	20,161	5,387	13,681	32,538	45,888
	105,856 <sup>#</sup>	97,893 <sup>#</sup>	151,949 <sup>#</sup>	162,480 <sup>#</sup>	1,018,912
Interest expense	(37,055)	(37,021)	(59,922)	(27,915)	(33,893)
Profit before tax	68,801 <sup>#</sup>	60,872 <sup>#</sup>	92,027 <sup>#</sup>	134,565 <sup>#</sup>	985,019
Profit after tax	58,698 <sup>#</sup>	31,991 <sup>#</sup>	61,773 <sup>#</sup>	107,493 <sup>#</sup>	972,524
Profit attributable to shareholders	30,009	10,659	43,855	83,154	949,652
Net dividends					
- Ordinary shares	19,181	19,439	10,550	21,240	10,891
- Preference shares	-	3,295	6,377	6,400	6,590
- Special	-	-	-	-	257,270
Share capital	162,023	163,736	178,386	179,004	181,355
Share premium and reserves	532,583	652,353	710,952	770,786	1,445,535
Dividend cover	1.6x <sup>#</sup>	0.4x <sup>#</sup>	3.6x <sup>#</sup>	3.6x <sup>#</sup>	3.5x

## FINANCIAL POSITION (S\$'000)

### What we owned

Fixed assets	608,580	636,274	750,964	763,394	751,405
Associated companies	356,674	490,161	400,720	496,311	390,533
Investments properties	13,088	39,300	27,419	27,339	21,440
Investments & long-term receivables	204,124	316,309	231,134	133,198	106,794
Deferred expenditure	2,907	8,640	8,778	6,715	5,325
Current assets	885,182	859,833	731,524	707,525	1,899,559
	2,070,555	2,350,517	2,150,539	2,134,482	3,175,056

### What we owed

Shareholders' funds	694,606	816,089	889,338	949,790	1,626,890
Minority interests	145,399	136,909	136,708	123,989	143,899
Deferred income	15,691	17,701	24,232	29,189	23,782
Long-term liabilities	222,324	124,000	178,506	151,134	150,443
Current liabilities	992,535	1,255,818	921,755	880,380	1,230,042
	2,070,555	2,350,517	2,150,539	2,134,482	3,175,056

## DEBT POSITION

D/E ratio - with RCCPS as equity	1.01x	1.09x	0.69x	0.57x	**
- with RCCPS as debt	n.a	1.65x	1.10x	0.93x	**
Interest cover	3.2x <sup>#</sup>	3.4x <sup>#</sup>	2.9x <sup>#</sup>	7.4x <sup>#</sup>	48.3x
Interest service	5.4x <sup>#</sup>	5.6x <sup>#</sup>	4.4x <sup>#</sup>	11.8x <sup>#</sup>	52.5x

## PER SHARE DATA

Earnings per share after extraordinary items (cents)					
- if preference shares are redeemed	9.3	1.2	8.7	19.2	258.9
Net tangible assets per share (S\$)	2.14	2.47	2.47	2.64	4.48

## DIVIDENDS

Dividends (%)					
- Ordinary shares (Interim), gross	8	8	-	8	8
- Ordinary shares (Final), gross	8	8	8	8	-
- Preference shares, net	-	3	3	3	3
- Special, gross	-	-	-	-	182

\* NEL associate wef 10 Oct 97. No consolidation of NEL's 1998, 1999 & 2000 turnover.

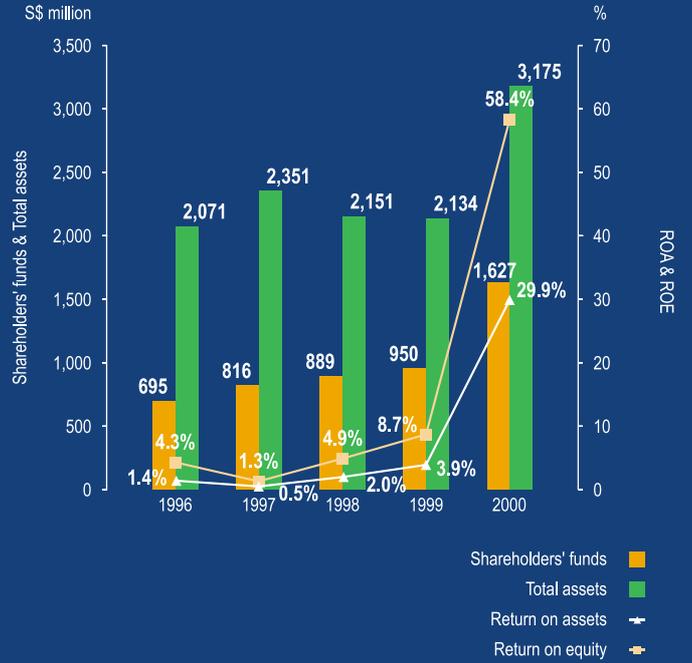
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\*\* Not applicable. Net cash position

### Group Turnover & Profit after tax & minority interest



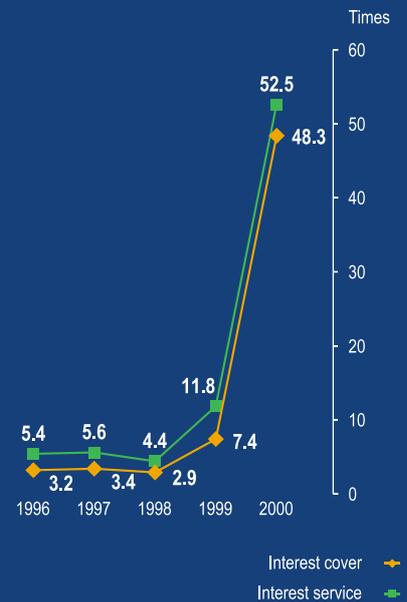
### Shareholders' funds, Total assets, Return on assets & Return on equity



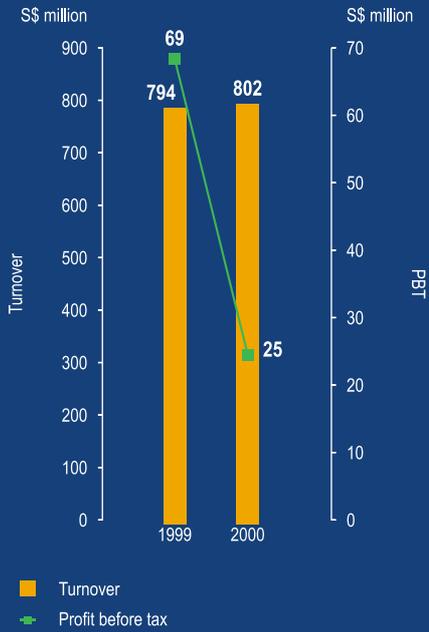
### Net debt equity ratio



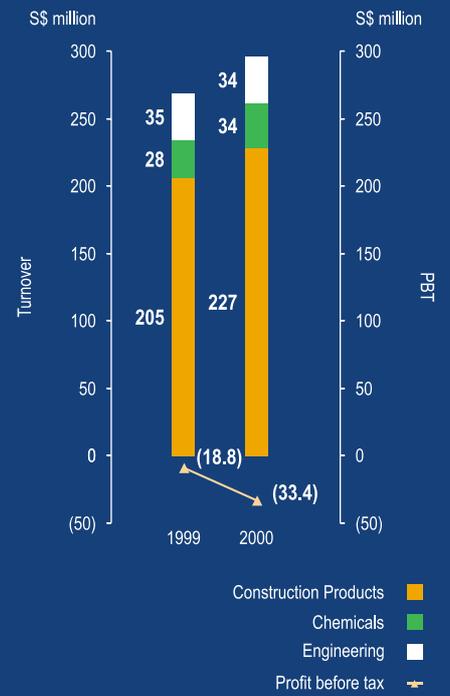
### Interest cover & Interest service



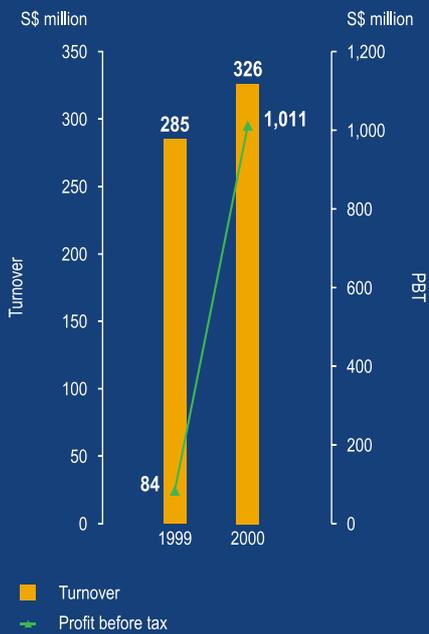
## Steel Division Turnover & Profit before tax



## Industrial Division Turnover & Profit before tax



## Electronics Division Turnover & Profit before tax



# Review of Operations

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## STEEL DIVISION

### Performance

The Steel Division registered a lower profit before tax of \$24.9m on higher turnover of \$802m. This was due mainly to losses in the Singapore operations that were partly mitigated by strong performances from overseas operations, which saw contributions increase four-fold.

The Singapore operations faced a challenging year with continued weakness in the domestic market and increased operating costs. Margins were affected by the twin effects of lower selling prices and higher scrap values and electricity tariffs. Average selling prices declined by 8% while scrap and electricity prices rose 19% and 40% respectively.

Better overseas contributions came from Açominas, China operations and a \$7.8m reduction in attributable loss from Southern Steel.

Açominas achieved total earnings of R\$198.7m on a record turnover of R\$1,195m in spite of weaker steel prices towards the end of the year. This robust performance was attributed to higher sales volume, better selling prices and improved productivity.

All three China mills performed better. Both Wujin NatSteel and Wuxi Jinyang achieved better pretax profits. NatSteel Xiamen further reduced its losses by focusing on the sale of higher margin rebar and specialty rods and expanding its geographical sales coverage.

NatSteelVina, in Vietnam, enjoyed better turnover and profit before tax due mainly to higher sales volume from an increase in domestic demand.

Despite a weak construction market in the Philippines, SteelAsia recorded an increase in sales and significantly entrenched its market share.

### Highlights

The Steel Division continues to aggressively exploit technology to differentiate and add value. Eastern Steel Services launched ECutBend, a web-based supply chain system to allow its customers on-line to query status of orders and obtain delivery information, resulting in enhanced customer service.

The Group's wire mesh company, Eastern Wire, is in the process of web-enabling its operations to bring about enhanced customer efficiencies. During the year, Eastern Wire acquired a 61.8% stake in an Australian cut-and-bend and mesh business, Best Bar Pty Ltd, which has operations in Perth and Melbourne. This acquisition strengthens the company's steel downstream business in Australia.

SteelAsia, in Philippines, successfully completed its voluntary debt restructuring exercise and corporate reorganisation in April.

## Outlook

For 2001, overseas operations are expected to maintain their performances. The China operations are expected to continue to benefit from the government's efforts in encouraging development projects and the restructuring of non-productive steel mills. In Brazil, Acominas is expected to continue to do well in the coming year although profitability would be affected by generally weaker international steel prices and production disruptions arising from projects to revamp and modernise the plant. These projects will increase the production capacity to 3 million tonnes and are scheduled for completion in mid-2001.

For the Singapore operations, market conditions are expected to remain difficult. The Group will pursue collaborative and consolidation opportunities to reduce costs, improve operational efficiency and position itself for an eventual pickup in construction activities.

Overall, the performance of the Steel Division for the current year is expected to be lower than that of 2000.

## INDUSTRIAL DIVISION

### Performance

The Industrial Division, comprising three groups of business - Construction Products, Chemicals and Engineering, registered an increase in turnover of 9.7% to \$295m with a loss before tax of \$33.4m. The weaker performance was due mainly to losses in the Construction Products group.

#### *Construction Products group*

### **Performance**

The Construction Products group registered an attributable loss before tax of \$22.9m, mainly because of excessive competition and weak selling prices across all its products and services in a contracting Singapore market. The loss included a \$6.5m exchange loss for its Indonesian operations, a \$1.9m one-off royalty settlement and \$8.9m provisions for its asphalt and quarry operations. As part of its efforts to rationalise operations, the group divested its asphalt operations in Singapore and closed the operations of one of its Malaysian quarries which was not viable in the current market.

### **Highlights**

During the year, the Construction Products group bought a 78% stake in Oy Parmarine Ltd, a Finnish manufacturer of prefabricated bathroom units for the shipping, hotel and residential sectors. The acquisition will allow the group to participate in this profitable business as well as gain the technology for its prefabrication business. Oy Parmarine has a strong order backlog and is expected to continue to contribute positively to the group in 2001.

With the growing acceptance of prefabricated building products, Eastern Pretech secured several new contracts. These included a sizeable railway sleeper contract, the supply of precast components for a wafer plant and the supply of 2300 bathroom units to Singapore's Housing Development Board's design-&-build project in Jurong West.

The group reorganised its stake in its cement business. The group announced on 28 March 2001 that its partner, "Holderbank" Financiere Glarus AG, one of the world's largest cement players, increased its stake in National Cement Industry (NCI) from 31.4% to 50%. The group's Indonesian quarry operations was also transferred into NCI.

### *Chemicals group*

#### **Performance**

For the Chemicals group, its core lime business continued to perform well. However, it registered an overall attributable loss of \$2.1m for the year mainly because of exchange losses and an unprofitable downstream associate of its petrochemical investment in Thailand.

#### **Highlights**

During the year, the group commissioned a new crusher plant in its quarry in Malaysia which it expects to help reduce operating costs in the coming year.

### *Engineering group*

#### **Performance**

The Engineering group closed the year with a \$8.4m loss mainly because of generally soft demand faced by its construction related businesses and a \$1.6m one-off charge to relocate the plant to a better location for its container crane spreader business.

#### **Highlights**

The group's proprietary business of supplying spreaders for port container cranes achieved record deliveries and orders for the year. It developed a range of new spreader products under the RAM brand which is expected to strengthen its position as a world leader in the spreader market. Demand for its products is expected to grow as ports invest in new cranes to increase productivity.

#### **Outlook**

The Chemicals and Engineering groups are expected to perform better. For the Construction Products group, there are signs that demand and selling prices are bottoming out. The group will focus on rationalising and consolidating its operations and is expected to significantly reduce its losses.

Overall, the Industrial Division's losses will also reduce significantly.

## **ELECTRONICS DIVISION**

#### **Performance**

Contributions from the Electronics Division rose by \$927m mainly from the gain on disposal of the NatSteel Electronics (NEL) shares.

Attributable earnings from the remaining electronics businesses, Natsteel Broadway (NBL), BJ and ECS also grew on the back of better performance. Turnover for NBL increased 9.7% to \$267m and profit before tax rose 6.6% to \$51.1m.

## Highlights

The Group successfully divested its 33% shareholding in NEL at a 74% premium over the last transacted price and at a premium of 156% over the price prior to market speculation of the divestment taking place. The Group netted proceeds of \$1.125b, after expenses.

NBL made a major strategic move to diversify its product portfolio and markets when it entered into a joint venture with the Haier Group, China's largest household appliances manufacturer, to manufacture domestic whitegoods in China. During the year, NBL secured increase in orders from existing customers. This included the supply of printed circuit board assemblies to LG Electronics for its range of display components, a milestone for the group in providing value-added vertically-integrated services. The group also clinched new orders from reputed global leaders including NORDX (Canada), one of the world's leading manufacturers of communications equipment.

NBL commenced construction of new plants in Shajing and Dongguan during the year to strengthen its manufacturing base and position as the largest integrated contract manufacturer in China. NBL was awarded the ISO 14000 EMS certification for all its assembly facilities, demonstrating its success in meeting international benchmarks in environmental management and protection.

## Outlook

Performance of the Electronics businesses will track global electronics demand and outsourcing trends. The level of electronics outsourcing requirements is expected to grow despite a global slowdown for electronics products. Contributions from the remaining operating activities of the Electronics Division are expected to be better in 2001.

# Technology

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Technology is the key differentiating strategy for the Group. The Group has a comprehensive R&D programme, with the key thrust to improve operational efficiency, differentiate the business and to provide better value-added services to its customers.

## **TECHNOLOGY VENTURES: BUILDING GATEWAY**

During the year, the Group entered into a joint venture with software company, Novasprint Pte Ltd to provide an e-commerce gateway for the building and construction industry. Through its investment arm, NatSteel Technology Investments, the Group acquired 70% equity in the joint-venture, Building Gateway Pte Ltd in September 2000. Building Gateway offers a full suite of solutions for the building and construction industry ranging from project design collaboration, cataloging, procurement, supply chain management and infrastructure and network management. This complements the e-commerce initiative within the Group.

## **SUPPLY CHAIN MANAGEMENT**

In 2000, NatSteel and Eastern Steel Services launched ECutBend, a web-based supply chain system offered through Building Gateway. With ECutBend, customers of NatSteel and Eastern Steel are now able to conduct a wide range of transactions for steel products and services with the Group electronically. This system allows NatSteel and Eastern Steel's customers to manage their material supply throughout their project, providing them the information they need in their management.

## **NEW STEEL PRODUCTS**

Following Singapore's adoption of new standards for steel, the local steel operations launched three new steel products for the construction industry - NatSteel 500 (NS500) for steel reinforcement bars; New Engineered Wire 500 (NEW500) for steel wire; and New Engineered Fabric (NEF500) for steel fabric. These products exceed technical specifications of the new Singapore Standards for steel. In addition, these products also meet the non-compulsory radioactivity specifications in these standards as well as International Atomic Energy Agency standards of radiation safety.

# People

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To thrive in the new economy, NatSteel must continue to attract and retain the best talents with human resource policies that reflect a total effort to inspire the heart and soul of its people.

NatSteel continually enhances the skills and abilities of every employee. To equip NatSteel's employees with new skills for today's knowledge-based economy, training for the past year was focused on ensuring that all employees are e-literate. Employees' computer and internet literacy were enhanced through IT programmes on the basic skills to operate personal computers and surf the internet. The increased level of computer literacy has enabled the company to successfully implement user-friendly and versatile on-line applications on the intranet for human resource processes, resulting in better administrative workflow.

The Group's commitment to resource development is reflected in the number of training hours per employee achieved, which exceeds both National and Productivity and Standards Board's standard.

The Group continued to sponsor promising young people from local institutions by awarding scholarships for their tertiary studies. The scholarship programme is an integral part of the Group's long-term manpower plans to develop and nurture business leaders for the future.

## ENVIRONMENTAL HEALTH & SAFETY

The Group's emphasis on employee wellness is achieved through Environmental Health and Safety activities held throughout the year.

### Our Environmental Management Programmes

Singapore Steel was awarded the ISO 14001 certification in July 2000 in recognition of its efforts in environmental management for its Singapore steel operations, which included the steelmaking and rolling mills. A total of four companies within the Group have been awarded the certification to-date. The Group's environmental management system (EMS) outlines its environmental policy and supports reduction in pollution as well as conservation of resources.

### Healthy Lifestyle Activities

The Group's occupational health practices emphasise primary and preventive care to promote wellness. Its in-house Occupational Health Unit works closely with the Sports and Recreation Club to promote a healthy lifestyle amongst employees. In addition to recreational activities and sports ranging from educational tours to sailing, other healthy lifestyle activities organised over the year included :

- A.C.T.I.V.E. (All Companies Together in Various Exercise) Day to encourage staff to exercise in a group so that they can spur one another to exercise regularly
- Hike up Bukit Timah Hill
- 2.3 km Run at West Coast Park
- Health Talks and Healthy Eating campaigns at the in-house cafeteria

Winning the Silver Award in the Singapore H.E.A.L.T.H. Award for two consecutive years (1999 and 2000) was a further affirmation of the Group's commitment to maintaining a healthy organisation that takes responsibility for the health and well-being of its employees.

## Safety

Management, Union and employee actively work together to establish and maintain high standards of employee safety, which is a top priority for NatSteel in its people management programme. Employees are grouped into Emergency Rescue Teams and trained to handle emergencies and accidents that may occur at work. These measures have enabled the Group to significantly improve its safety records over the last three years.

## Investor Relations

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The Group received accolades for its corporate transparency from the Securities Investors Association of Singapore (SIAS) in 2000. It was shortlisted as one of the three finalists for the corporate transparency award in the multi-industry category. In addition, the Group was ranked 15 out of a total of 300 companies scored in the Business Times Corporate Transparency Index (CTI) as at December 2000. These achievements bear testimony to the Group's commitment and efforts in maintaining a high level of corporate transparency to the media, investors, analysts and all other stakeholders.

Throughout the year, the Group embarked on a proactive investor relations programme. In addition to briefing sessions for both press and analysts to present its results, senior management meet regularly with the press, analysts and investors to discuss the Group's development and plans. Corporate information, including annual reports and announcements, is also readily accessible from its corporate website – [www.natsteel.com.sg](http://www.natsteel.com.sg).

# Corporate Directory

## ■ STEEL

### **NatSteel Ltd**

22 Tanjong Kling Road  
Singapore 628048  
Tel: (65) 265 1233  
Fax: (65) 265 8317  
www.natsteel.com.sg

### **Eastern Wire Pte Ltd**

27 Jalan Buroh  
Singapore 619483  
Tel: (65) 265 0066  
Fax: (65) 265 6148  
www.easternwire.com.sg

### **Eastern Steel Services Pte Ltd**

9 Jurong Pier Road  
Singapore 619161  
Tel: (65) 264 0166  
Fax: (65) 264 1072/261 9133

### **Easteel Construction Services Pte Ltd**

9 Jurong Pier Road  
Singapore 619161  
Tel: (65) 264 0166  
Fax: (65) 264 1072/261 3782

### **Southern Steel Berhad**

2723 Lorong Perusahaan 12  
13600 Prai, Pulau Pinang  
Malaysia  
Tel: (60-4) 390 6540  
Fax: (60-4) 390 8060

### **Southern Pipe Industry (Malaysia) Sdn Bhd**

4457 Mukim 15  
Jalan Chain Ferry  
12100 Butterworth  
Malaysia  
Tel: (60-4) 331 7393  
Fax: (60-4) 331 9435

### **Southern Wire Industries (Malaysia) Sdn Bhd**

Lot 4808, Jalan Utas 15/7  
40000 Shah Alam  
Selangor Darul Ehsan  
Malaysia  
Tel: (60-3) 551 91501  
Fax: (60-3) 559 93369

### **Wujin NatSteel Co Ltd**

Qishuyan Dongshu  
312 Guodao  
Changzhou, Jiangsu 213011  
People's Republic of China  
Tel: (86-519) 877 9333  
Fax: (86-519) 877 2347

### **Southern NatSteel (Xiamen) Ltd**

Haicang Southern Industry Area  
Xiamen, People's Republic of  
China  
Postal Code: 361026  
Tel: (86-592) 608 2602/608 3991  
Fax: (86-592) 608 2601

### **Wuxi Jinyang Metal Products Co.**

Yang Tian Town, Yishan Municipal,  
Jiangsu 214107  
People's Republic of China  
Tel: (86-510) 873 1337  
Fax: (86-510) 873 1797  
www.chinajinyang.com

### **SteelAsia Manufacturing Corporation**

6th floor, Pearl Plaza  
Pearl Drive, Ortigas Centre  
Pasig City  
Philippines 605  
Tel: (63-2) 910 1555  
Fax: (63-2) 631 5032

### **NatSteelVina Co Ltd**

Luu Xa, Thai Nguyen Town  
Bac Thai Province  
Socialist Republic of Vietnam  
Tel: (84-280) 832 258/832 335/  
832 336  
Fax: (84-280) 832 292

### **NatSteel Trade International Pte Ltd**

22 Tanjong Kling Road  
Singapore 628048  
Tel: (65) 265 1233  
Fax: (65) 266 3335/265 8317

### **NatSteel Trade International Pte Ltd**

(Yangon Branch)  
19 Sint Oh Dan St  
Latha Township  
Yangon, Myanmar  
Tel: (95-1) 228770/227143  
Fax: (95-1) 227124

### **Materials Recycling Pte Ltd**

9 Jurong Pier Road  
Singapore 619161  
Tel: (65) 265 8393  
Fax: (65) 266 2387

## ■ INDUSTRIAL

• *Construction Products*

### **Eastern Industries Pte Ltd**

15 Sungei Kadut Street 2  
Singapore 729234  
Tel: (65) 368 1366  
Fax: (65) 365 3520

### **National Cement Industry Pte Ltd**

16 Jalan Tepong  
Singapore 619331  
Tel: (65) 265 1933  
Fax: (65) 265 3911/268 4027

### **Eastern Concrete Pte Ltd**

16 Jalan Tepong  
Singapore 619331  
Tel: (65) 265 1933  
Fax: (65) 265 3911/268 4027

### **Eastern Pretech Pte Ltd**

15 Sungei Kadut Street 2  
Singapore 729234  
Tel: (65) 368 1366  
Fax: (65) 368 2256

**Eastern Pretech  
(Malaysia) Sdn Bhd**

28 Jalan 7/108C  
Taman Sungai Besi  
Salak South off Jalan Sungai Besi  
57100 Kuala Lumpur  
Malaysia  
Tel: (60-3) 780 2728  
Fax: (60-3) 780 5663

**Runhorn Pretech  
Engineering Co Ltd**

76, Sec.2, Tun-Hua South Road  
21F, Taipei  
Taiwan, R.O.C.  
Tel: (886-2) 2755 6999  
Fax: (886-2) 2705 3374

**Eastern Bricks Pte Ltd**

15 Sungei Kadut Street 2  
Singapore 729234  
Tel: (65) 368 1366  
Fax: (65) 363 2058

**EI Resources Sdn Bhd**

2A Jalan Kebudayaan 12  
Taman Universiti  
81300 Skudai  
Johor  
Malaysia  
Tel: (60-7) 521 5624  
Fax: (60-7) 521 5625

**EI Marine Pte Ltd**

15 Sungei Kadut Street 2  
Singapore 729234  
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Fax: (65) 365 3520

**PT Eastern Indotama  
Resources**

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Kav. 26 Jakarta  
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Fax: (6221) 526 0451

**PT Sindo Batu Bata Industri**

Komplek Nagoya New Town  
Blk E No. 6 & 7  
Batam Island  
Indonesia  
Tel: (778) 425 252  
Fax: (778) 425 253

**Eastern Pretech (HK) Ltd**

Unit B, 23/F,  
Yardley Commercial Building  
3 Connaught Road West  
Sheung Wan  
Hong Kong  
Tel: (852) 2866 9199  
Fax: (852) 2865 0321

• *Chemicals*

**NatSteel Chemicals Ltd**

26 Tanjong Kling Road  
Singapore 628051  
Tel: (65) 265 0200  
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[www.natsteelchemicals.com.sg](http://www.natsteelchemicals.com.sg)

**NatSteel Chemicals  
(Malaysia) Sdn Bhd**

Lot 38046, Mukim Sg. Raia,  
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31300 Kg. Kepayang, Perak  
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Tel: (60-5) 357 2351  
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**Eastech Steel Mill  
Services Pte Ltd**

26 Tanjong Kling Road  
Singapore 628051  
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Fax: (65) 266 1754

**Eastech Steel Mill Services  
(Malaysia) Sdn Bhd**

Lot 38046, Mukim Sg. Raia, Batu 5  
Jalan Gopeng, 31300 Kg.  
Kepayang  
Perak Darul Ridzuan  
Malaysia  
Tel: (05) 357 6872  
Fax: (05) 357 6977

**PT Eastech Indonesia**

Jl. Tiang Bendera III Selatan 52/10  
Jakarta 11230  
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**NatSteel EnviroTech Pte Ltd**

26 Tanjong Kling Road  
Singapore 628051  
Tel: (65) 265 2181  
Fax: (65) 261 0840

**NatSteel Guinard Oil Services  
Pte Ltd**

23 Tanjong Kling Road  
Singapore 628051  
Tel: (65) 265 4322  
Fax: (65) 265 8900

**National Oxygen Pte Ltd**

21 Tanjong Kling Road  
Singapore 628047  
Tel: (65) 265 9355  
Fax: (65) 265 3620

**Bangkok Synthetics  
Co Ltd**

Office:  
22nd Floor, Sathorn City Tower  
175 South Sathorn Road  
Tungmahamek, Sathorn  
Bangkok 10120, Thailand  
Tel: (66-2) 679 5120  
Fax: (66-2) 679 5119  
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Ma Tha Put Industrial Estate  
5, 1-7 Road  
Rayong 2150, Thailand  
Tel: (66-38) 684181-6  
Fax: (66-38) 683315

**Southern Rubber Works  
Sdn Bhd**

178-A Beach Street  
10300 Penang  
Malaysia  
Tel: (60-4) 262 9421  
Fax: (60-4) 262 7534

**Guizhou Dazhong  
Rubber Co Ltd**

20 Lishulu  
Ma Wang Miao  
Guiyang City, Guizhou Province  
People's Republic of China  
Tel: (86-851) 484 4197  
Fax: (86-851) 484 3970

• *Engineering*

**NatSteel Engineering  
Pte Ltd**

26 Tanjong Kling Road  
Singapore 628051  
Tel: (65) 265 2877  
Fax: (65) 261 1300

**NatSteel Engineering  
(UK) Ltd**

6, Selby Place, Stanley  
Skelmersdale  
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Fax: (44-1695) 556 356

**Soon Douglas (Pte) Ltd**

6 Benoi Road  
Singapore 629880  
Tel: (65) 861 4944  
Fax: (65) 862 1264

**RCR Tomlinson Ltd**

239 Planet Street, Welshpool  
Perth, WA 6106  
Australia  
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Fax: (61-8) 9361 0724

■ **ELECTRONICS**

**NatSteel Broadway Ltd**

22 Tanjong Kling Road  
Singapore 628048  
Tel: (65) 265 1233  
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www.natsteel-broadway.com

**Broadway Industrial  
Co Ltd**

17 Hung To Road  
2nd & 8th Floor,  
Fat Lee Industrial Building  
Kwun Tong, Kowloon  
Hong Kong  
Tel: (852) 2342 1261  
Fax: (852) 2797 8312

**B.J. Industries Pte Ltd**

29, 1st Lokyang Road  
Singapore 629736  
Tel: (65) 266 2188  
Fax: (65) 261 3142

■ **PROPERTIES &  
INVESTMENTS**

**NatSteel Resorts  
International Pte Ltd**

22 Tanjong Kling Road  
Singapore 628048  
Tel: (65) 265 1233  
Fax: (65) 268 4830

**NatSteel Properties  
Pte Ltd**

22 Tanjong Kling Road  
Singapore 628048  
Tel: (65) 265 1233  
Fax: (65) 268 4830

**Laguna National Golf  
and Country Club Ltd**

11 Laguna Golf Green  
Singapore 488047  
Tel: (65) 542 6888  
Fax: (65) 542 1132

**Raffles Marina Ltd**

10 Tuas West Drive  
Singapore 638404  
Tel: (65) 861 8000  
Fax: (65) 861 1020

# Corporate Data / Financial Calendar

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## CORPORATE DATA

### BANKERS

Agricultural Bank of China  
Bank of America NT & SA  
Citibank, N.A.  
Credit Agricole Indosuez  
Keppel TatLee Bank Limited  
Malayan Banking Berhad  
Standard Chartered Bank  
The Development Bank of Singapore Limited  
The Hongkong and Shanghai Banking Corporation Limited  
United Overseas Bank Limited

### AUDITORS

PricewaterhouseCoopers  
8 Cross Street  
#17-00 PWC Building  
Singapore 048424  
Certified Public Accountants  
Audit Partner: Ong Chao Choon

### SECRETARY

Lim Su-Ling

### REGISTRAR

Macronet Information Pte Ltd  
20 Cecil Street #06-02  
The Exchange  
Singapore 049705

### REGISTERED OFFICE & FACTORY

22 Tanjong Kling Road  
Singapore 628048

## FINANCIAL CALENDAR

1999 final dividend paid  
**23 June 2000**

Announcement of half-year results 2000  
**23 August 2000**

Financial year-end  
**31 December 2000**

Special dividend paid  
**22 January 2001**

Announcement of unaudited results 2000  
**21 March 2001**

Redemption of 3% Redeemable Convertible  
Cumulative Preference Shares  
**2 April 2001**

2001 Annual General Meeting  
**23 May 2001**

# Financial Statements

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# Directors' Report

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The Directors present their report to the members together with the audited financial statements of the Company and of the Group for the financial year ended 31 December 2000.

## 1. DIRECTORS OF THE COMPANY

The directors of the Company in office at the date of this report are :

CHAM Tao Soon  
ANG Kong Hua  
Eric ANG Teik Lim  
LIM Chee Onn  
TAN I Tong  
TAN Tat Wai  
THAI Chee Ken  
Oliver TAN Kok Kheng  
Walter WOON Cheong Ming

Pursuant to Article 86 of the Company's Articles of Association,

- (a) Dr CHAM Tao Soon retires and being eligible, offers himself for re-election.
- (b) Prof. Walter WOON Cheong Ming retires and will not offer himself for re-election.
- (c) Mr Eric ANG Teik Lim retires and being eligible, offers himself for re-election.

Mr TAN I Tong who is over 70 years of age, retires pursuant to Section 153 of the Companies Act Cap.50 and seeks re-appointment under Section 153(6) of the said Act to hold office until the next Annual General Meeting.

## 2. PRINCIPAL ACTIVITIES

The principal activities of the Group consist of the manufacturing of and trading in iron and steel products, other building products and services, lime and industrial chemicals, environment and engineering services, electronics, properties and investments. The principal activities of the Company consist of manufacturing of and trading in iron and steel products and investment holding. There have been no significant changes in the nature of these activities during the year.

## 3. RESULTS FOR THE FINANCIAL YEAR AND MATERIAL MOVEMENTS IN RESERVES AND PROVISIONS

	<u>The Group</u>	<u>The Company</u>
	<b>S\$'000</b>	<b>S\$'000</b>
Profit attributable to the shareholders of the Company transferred to revenue reserve	949,652	951,546

# Directors' Report

Apart from the above and the movements in reserves set out in Note 13 of the financial statements, there were no other material transfers to or from reserves and provisions except for normal amounts set aside for such items as depreciation and amortisation of non-current assets, and provisions for diminution in value of investments, doubtful debts, stock obsolescence and income tax as disclosed in the financial statements.

## 4. ACQUISITION AND DISPOSAL OF SUBSIDIARIES

The following subsidiaries were acquired during the year:-

Name of purchasing Company	Name of acquired Subsidiaries	Consideration S\$'000	Interest acquired %	Group's effective interest after acquisition %	Attributable net tangible assets at date of acquisition S\$'000
Eastern Wire Pte Ltd	Best Bar Pty Ltd	2,430	61.8	61.8	647
Eastern Pretech Pte Ltd	Oy Parmarine Ltd ) ) Parma-Italia S.R.L.) ) Parmaster Fire ) Doors Oy )	1,586	60.0	60.0	746
NatSteel Technology Investments Pte Ltd	Building Gateway Pte Ltd	*	70.0	70.0	*

\* Less than S\$1,000

In addition, during the financial year, Eastern Pretech Pte Ltd made a further acquisition of 18% interest in Oy Parmarine Ltd for a cash consideration of S\$485,000.

The following subsidiaries were incorporated :

Held by	Name of Subsidiaries	Country of Incorporation	Paid up Capital at Incorporation	Group's Effective Interest at Incorporation %
NatSteel Broadway Ltd	NatSteel Broadway (Mauritius) Limited	Republic of Mauritius	US\$100,000	51.6
NatSteel Broadway (Mauritius) Limited	Intertint Production (B.V.I) Limited	British Virgin Islands	US\$1,000	51.6
NatSteel Broadway (Mauritius) Limited	Broadway Haier (Qingdao) Industrial Co. Ltd	People's Republic of China	RMB60,000,000	41.3

The following subsidiary was disposed during the year:-

Name of subsidiary	Consideration S\$'000	Effective interest before disposal %	Effective interest disposed %	Attributable net tangible assets at date of disposal S\$'000
ISV Investment Pte Ltd	*	100.0	76.0	Nil

\* Less than S\$1,000

# Directors' Report

During the financial year, one of the subsidiary companies, NatSteel Carriers Pte Ltd, was struck off the Register of Companies. Another subsidiary company, Tanglin Regent Holdings Limited, was de-registered pursuant to members' voluntary liquidation proceedings commenced earlier.

## 5. ISSUE OF SHARES AND DEBENTURES

### The Company

During the financial year, the issued share capital of the Company was increased from S\$178,825,118 to S\$181,176,368 by the issue of 4,702,500 ordinary shares of S\$0.50 each to option holders under the NatSteel Ltd Share Option Scheme for cash, made up as follows:

Number of shares	Premium per share (S\$)
2,479,500	1.57
868,000	1.02
525,000	2.35
372,500	3.07
300,000	2.27
157,500	0.66
<u>4,702,500</u>	

### Subsidiary Companies

During the year, the following subsidiaries issued shares as shown below :

Company	Shares Issued	Purpose
EW Reinforcement Pty Ltd	999,998 ordinary shares of A\$1 each at par, fully paid for cash	To increase paid up capital
Broadway Haier (Qingdao) Industrial Co. Ltd	60,000,000 ordinary shares of RMB1 each at par, fully paid for cash	Incorporation of company and to provide initial working capital
Building Gateway Pte Ltd	799,999 ordinary shares of S\$1 each at par, fully paid for cash and 1,199,999 ordinary shares of S\$1 each at par, fully paid via injection of assets	To provide working capital
Burwill Trading Pte Ltd	7,000,000 ordinary shares of S\$1 each at par, fully paid by capitalisation of shareholders' loans	To increase paid up capital
Intertint Production (B.V.I) Limited	1,000 ordinary shares of US\$1 each at par, fully paid for cash	Incorporation of company and to provide initial working capital
NatSteel Brasil Ltda	Increase of R\$31,393,658 in registered capital for cash	To provide funds for investments

# Directors' Report

Company	Shares Issued	Purpose
NatSteel Broadway (Mauritius) Limited	100,000 ordinary shares of US\$1 each at par, fully paid for cash	Incorporation of company and to provide initial working capital
NatSteel Engineering Pte Ltd	15,169,000 ordinary shares of S\$1 each at par, fully paid by capitalisation of shareholders' loan	To increase paid up capital
NatSteel Technology Investments Pte Ltd	6,000,000 ordinary shares of S\$1 each at par, fully paid for cash	To increase paid up capital
Skyway Electronics (Mauritius) Limited	99,999 ordinary shares of US\$1 each at par, fully paid for cash	To provide working capital

## 6. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the Directors of the Company to acquire benefits through the acquisition of shares or debentures of the Company or any other body corporate except for the Company's Share Option Scheme.

## 7. DIVIDENDS

	<b>S\$'000</b>
The directors recommend that the following special dividends be paid:	
- 10 cents per share, tax exempt	36,235
- 80.8 cents per share, less tax at 24.5%	<u>221,035</u>
	<u>257,270</u>
The directors do not recommend that a final dividend be paid.	
Dividends paid since the end of the Company's previous financial year were as follows:	
Final dividend of 4 cents per share, less tax at 25.5% in respect of the previous year	
- provided for in the financial statements of that year	10,658
- additional dividend paid to new shares issued under the Company's share option scheme before books closure date	115
	<u>10,773</u>
Interim dividend of 4 cents per share, less tax at 25.5% in respect of the current year	<u>10,776</u>
Dividend on Redeemable Convertible Cumulative Preference Shares of 3% (net of tax) in respect of the current year	<u>6,590</u>

# Directors' Report

## 8. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the Register of Directors' Shareholdings kept by the Company for the purpose of section 164 of the Companies Act, the undermentioned persons who were Directors of the Company at the end of the financial year had an interest in the shares and debentures of the Company and related corporations as detailed below :

	Interest held in the name of Director			Deemed interest of Director		
	At 01.01.00	At 31.12.00	At 21.01.2001	At 01.01.00	At 31.12.00	At 21.01.2001
<b>NatSteel Ltd</b>						
<u>Ordinary shares of S\$0.50 each</u>						
CHAM Tao Soon	-	10,000	10,000	-	-	-
ANG Kong Hua	1,057,500	1,407,500	1,407,500	-	-	-
TAN I Tong	399,624	399,624	399,624	162,000	162,000	162,000
Eric ANG Teik Lim	-	-	-	21,647	21,647	21,647
 <u>Options to purchase ordinary shares of S\$0.50 each at various prices</u>						
ANG Kong Hua						
- S\$2.85	100,000	-	-	-	-	-
- S\$2.77/S\$2.07*	250,000	250,000	250,000	-	-	-
- S\$3.57/S\$2.66*	250,000	250,000	250,000	-	-	-
- S\$1.52/S\$1.13*	92,500	-	-	-	-	-
- S\$1.16	157,500	-	-	-	-	-
- S\$2.07/S\$1.54*	250,000	250,000	250,000	-	-	-
- S\$3.86/S\$2.88*	-	500,000	500,000	-	-	-
- S\$2.39/S\$1.78*	-	1,000,000	1,000,000	-	-	-
 <b>Raffles Marina Ltd</b>						
<u>Options to subscribe for Individual Member Unsecured Notes 2020 Series A of S\$15,000 each</u>						
CHAM Tao Soon	1	1	1	-	-	-
ANG Kong Hua	1	1	1	-	-	-
LIM Chee Onn	1	1	1	-	-	-
TAN I Tong	1	1	1	-	-	-
Oliver TAN Kok Kheng	1	1	1	-	-	-
TAN Tat Wai	1	1	1	-	-	-
 <u>Individual Member Unsecured Notes 2020 Series A of S\$15,000 each</u>						
THAI Chee Ken	1	1	1	-	-	-
Walter WOON Cheong Ming	1	1	1	-	-	-
Eric ANG Teik Lim	1	1	1	-	-	-

\* Pursuant to the declaration of special dividend, the subscription prices of the share options have been adjusted (effective 6 January 2001) in accordance with Rule 8 of the NatSteel Ltd Share Option Scheme.

# Directors' Report

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## 9. BAD AND DOUBTFUL DEBTS

Before the financial statements of the Company were made out, the Directors took reasonable steps to ascertain the action taken in relation to the writing off of bad debts and providing for doubtful debts of the Company, and have satisfied themselves that all known bad debts, if any, have been written off and that where necessary adequate provision has been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances which would render any amounts written off for bad debts or provided for doubtful debts inadequate to any substantial extent.

## 10. CURRENT ASSETS

Before the financial statements of the Company were made out, the Directors took reasonable steps to ascertain that any current assets of the Company which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values or that adequate provision has been made for the diminution in value of such current assets.

At the date of this report, the Directors are not aware of any circumstances, not otherwise dealt with in this report, which would render the values attributed to current assets in the consolidated financial statements misleading.

## 11. CHARGES AND CONTINGENT LIABILITIES

At the date of this report, no charge on the assets of the Company or any corporation in the Group has arisen since the end of the financial year which secures the liabilities of any other person and no contingent liability has arisen since the end of the financial year.

## 12. ABILITY TO MEET OBLIGATIONS

No contingent or other liability of the Company or any corporation in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company and of the Group to meet their obligations as and when they fall due.

## 13. OTHER CIRCUMSTANCES AFFECTING THE FINANCIAL STATEMENTS

At the date of this report the Directors are not aware of any circumstances not otherwise dealt with in this report or the consolidated financial statements which would render any amount stated in the financial statements of the Company and the consolidated financial statements misleading.

## 14. UNUSUAL ITEMS

In the opinion of the Directors, the results of the operations of the Company and of the Group during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature except for the gain on disposal of NatSteel Electronics Ltd as stated in Note 40.

# Directors' Report

## 15. UNUSUAL ITEMS AFTER YEAR END

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which would affect substantially the results of the operations of the Company or of the Group for the financial year.

## 16. DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than as disclosed in the financial statements and paragraph 17 below) which is required to be disclosed by Section 201(8) of the Companies Act, being a benefit by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

## 17. SHARE OPTIONS

- (a) The NatSteel Executives' Share Options Scheme 1998 (the "Scheme") was established in 1998 to succeed the NatSteel Ltd Executives' Share Options Scheme 1988 ("ESOS") which was retired on 19 September 1998. On 17 April 2000, the Scheme was modified and renamed "NatSteel Ltd Share Option Scheme". The NatSteel Ltd Share Option Committee (the "Committee") comprising three non-executive directors of the Company who are non-participants in the Scheme, administers the Scheme. The Committee continues to administer the ESOS in respect of outstanding options granted prior to its retirement. The members of the Committee are :-

CHAM Tao Soon  
LIM Chee Onn  
Eric ANG Teik Lim

- (b) Details of options granted previously under ESOS and the Scheme have been disclosed in the Directors' Report for the respective years.
- (c) Details of options granted under the Scheme for directors of the Company are as follows :-

Name of Director	Options granted during financial year	Exercise price	Aggregate options granted since commencement of the Scheme to end of financial year	Aggregate options exercised since commencement of the Scheme to end of financial year	Aggregate options outstanding as at end of financial year under ESOS and the Scheme
Ang Kong Hua	500,000	S\$3.86 / S\$2.88*	1,907,500	157,500	2,250,000
	500,000 (1st Tranche)	S\$2.39 / S\$1.78*			
	500,000 (2nd Tranche)	S\$2.39 / S\$1.78*			

\* Pursuant to the declaration of special dividend, the subscription prices of the share options have been adjusted (effective 6 January 2001) in accordance with Rule 8 of the NatSteel Ltd Share Option Scheme.

# Directors' Report

As at 31 December 2000, a total of 51 executives and 1 director of the Company were granted options under ESOS and the Scheme to take up unissued ordinary shares in the Company. The number of options granted to each executive to take up the unissued ordinary shares in the Company under the Scheme is not significant. Substantial shareholders of the Company or an associate of such substantial shareholder(s) are not eligible for participation.

Category	No.	Date of grant	Exercise period	Number of unissued ordinary shares of S\$0.50 each	Exercise price before/after * adjustment
Directors of the Company	1	9.4.1996	10.4.1997 to 8.4.2001	745,000	S\$2.77 / S\$2.07*
		13.9.1996	14.9.1997 to 12.9.2001	125,000	S\$2.50 / S\$1.86 *
Executives	51	8.4.1997	9.4.1998 to 7.4.2002	1,658,750	S\$3.57 / S\$2.66*
		9.6.1998	10.6.1999 to 8.6.2003	125,000	S\$1.52 / S\$1.13*
		16.4.1999	17.4.2000 to 15.4.2004	633,000	S\$2.07 / S\$1.54*
		18.10.1999	19.10.2000 to 17.10.2004	125,000	S\$3.06 / S\$2.28*
		6.4.2000	7.4.2001 to 5.4.2010	3,780,000	S\$3.86 / S\$2.88*
		8.9.2000	9.9.2001 to 7.9.2010	3,797,500	S\$2.39 / S\$1.78*
		8.9.2000	9.9.2003 to 7.9.2010	4,845,000	S\$2.39 / S\$1.78*
				<u>15,834,250</u>	

\* Pursuant to the declaration of special dividend, the subscription prices of the share options have been adjusted (effective 6 January 2001) in accordance with Rule 8 of the NatSteel Ltd Share Option Scheme.

## 18. AUDIT COMMITTEE

The Audit Committee comprises the following members, all of whom are non-executive directors.

THAI Chee Ken, Chairman  
 CHAM Tao Soon  
 Oliver TAN Kok Kheng

The Committee held three meetings for the financial year ended 31 December 2000.

# Directors' Report

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The Audit Committee reviews the Company's accounting policies and internal controls on behalf of the Board of Directors and performs the functions specified in the Companies Act. In performing its functions, the Committee reviewed the overall scope of both internal and external audits. It met with the Company's internal auditors and external auditors to discuss the results of their examinations and their evaluation of the Company's system of internal accounting controls. The Committee also reviewed the financial statements of the Company and the consolidated financial statements of the Group as well as the Auditors' Report thereon. The Audit Committee nominated PricewaterhouseCoopers as auditors of the Company for the financial year ending 31 December 2001 to be approved and appointed by the Company at the Annual General Meeting.

## 19. INTERESTED PERSON TRANSACTIONS

The Interested Person Transactions and the aggregate value of Interested Person Transactions conducted pursuant to the Interested Person Mandate, during the current financial year were as follows :-

<b>Entity At Risk</b>	<b>Interested Person</b>	<b>Transactions</b>	<b>Value</b>
NatSteel Trade International Pte Ltd	Southern Steel Berhad	Supply of steel billets, pig iron and scrap	US\$73,214,526

## 20. AUDITORS

PricewaterhouseCoopers, being eligible, have expressed their willingness to accept re-appointment at the Annual General Meeting.

On behalf of the Directors

**CHAM Tao Soon**  
Director

**ANG Kong Hua**  
Director

Singapore  
26 March 2001

# Statement by Directors

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We state that, in the opinion of the Directors, the financial statements set out on pages 39 to 93 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group at 31 December 2000, the results of the business and the changes in equity of the Company and of the Group and the cash flows of the Group for the financial year then ended, and at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Directors

**CHAM Tao Soon**  
Director

**ANG Kong Hua**  
Director

Singapore  
26 March 2001

# Statement of Corporate Governance

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The Board of Directors is satisfied that the governance processes of NatSteel Ltd have been complied with during the financial year ended 31 December 2000. In line with the Singapore Exchange Ltd ("SGX") guidelines, these processes were formalised in a corporate governance guide which was endorsed by the Board in January 1999.

The following is an outline of the corporate governance practices of the Company which also encompasses the major principles stipulated in the SGX Best Practices Guide.

## ( a ) Board of Directors

The Board shall be responsible for setting the corporate environment for good corporate governance of the Company.

The Board shall meet regularly and shall be supplied on a timely basis with information in appropriate form and quality to enable it to discharge its duties.

The Company also has an Audit Committee, Compensation Committee and Share Option Committee whose members are drawn from members of the Board. These Committees assist the Board in specific tasks and contribute to good corporate governance of the Company.

## ( b ) Conduct of Employees

The Code Of Conduct For Employees sets out the guidelines relating to the many facets of daily operations that all employees of the Company and its subsidiaries shall comply with.

## ( c ) Financial Control Practices

The Company shall maintain an adequate and effective system of internal control to safeguard shareholders' investment and the Company's assets. A key element of the Company's financial control practices is the Corporate Authorisation that defines, by transaction types, the various levels of approving authorities and their respective authority limits. The Corporate Authorisation also applies to all subsidiaries of the Group.

## ( d ) Audit and Internal Controls

The Company has an Audit Committee that comprises 3 members appointed from the directors of the Board. The Audit Committee members, including the Committee Chairman, are independent directors and the Committee is guided by the Best Practices Guide (Audit Committee).

The Company has an in-house internal audit department with a round-the-year internal audit program for the Group. The annual audit plan is reviewed and approved by the Audit Committee which also reviews the results of the audits.

## ( e ) Disclosure and Transparency

The Company has established procedures to facilitate compliance with SGX listing manual requirements and the Companies Act on a timely basis, in particular the following matters:

- Transactions between companies in the Group and interested persons.
- Directors' interests in the Company and its related companies.
- Dealings by directors and employees in the Company's securities.

# Report of the Auditors

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## TO THE MEMBERS OF NATSTEEL LTD (Incorporated in Singapore)

We have audited the financial statements of NatSteel Ltd and the consolidated financial statements of the Group for the financial year ended 31 December 2000 set out on pages 39 to 93. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform our audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As stated in Note 3 to the financial statements, certain expenses of the Company and the Group have not been disclosed as prescribed by Singapore Statements of Accounting Standard No. 1 'Presentation of Financial Statements'.

In our opinion, except for the non-disclosure of certain expenses as noted in the preceding paragraph, the financial statements are properly drawn up in accordance with the provisions of the Singapore Companies Act ("Act") and Singapore Statements of Accounting Standard and so as to give a true and fair view of:

- (i) the state of affairs of the Company and of the Group at 31 December 2000, the results and changes in equity of the Company and of the Group, and the cash flows of the Group for the financial year ended on that date; and
- (ii) the other matters required by Section 201 of the Act to be dealt with in the financial statements of the Company and the consolidated financial statements of the Group.

In our opinion, the accounting and other records, and the registers required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and auditors' reports of all subsidiaries of which we have not acted as auditors, being financial statements that have been included in the consolidated financial statements. The names of these subsidiaries are stated in Note 43 to the financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and in respect of subsidiaries incorporated in Singapore did not include any comment made under Section 207(3) of the Act.

**PricewaterhouseCoopers**  
Certified Public Accountants

Singapore  
26 March 2001

# Income Statements

for the financial year ended 31 December

	Note	The Group		The Company	
		2000	1999	2000	1999
		S\$'000	S\$'000	S\$'000	S\$'000
Revenue	4	1,440,714	1,401,460	280,633	320,950
Profit from operations	5	959,763	121,305	938,905	29,023
Investment and interest income	6	13,261	8,637	30,913	18,102
Finance costs	7	(33,893)	(27,915)	(16,402)	(14,458)
Share of results of associated companies		45,888	32,538	-	-
Profit before taxation		985,019	134,565	953,416	32,667
Taxation	8	(12,495)	(27,072)	(1,870)	(8,584)
Profit after taxation		972,524	107,493	951,546	24,083
Minority interests		(22,872)	(24,339)	-	-
Net profit for the year		949,652	83,154	951,546	24,083
Earnings per share					
- Basic	10	258.9 cents	19.2 cents		
- Diluted	10	258.8 cents	19.2 cents		
Gross dividend per ordinary share		94.8 cents	8.0 cents		

The Notes on pages 45 to 93 form an integral part of the financial statements.

# Balance Sheets

as at 31 December

	Note	The Group		The Company	
		2000	1999	2000	1999
		S\$'000	S\$'000	S\$'000	S\$'000
SHARE CAPITAL	11	181,355	179,004	181,355	179,004
SHARE PREMIUM ACCOUNT	12	456,076	448,135	456,076	448,135
RESERVES	13	989,459	322,651	863,295	186,500
SHAREHOLDERS' FUNDS		1,626,890	949,790	1,500,726	813,639
DEFERRED INCOME	14	23,782	29,189	-	-
MINORITY INTERESTS		143,899	123,989	-	-
		<b>1,794,571</b>	<b>1,102,968</b>	<b>1,500,726</b>	<b>813,639</b>
Represented by :					
PROPERTY, PLANT AND EQUIPMENT	15	751,405	763,394	195,851	199,085
INVESTMENT PROPERTIES	16	21,440	27,339	-	-
SUBSIDIARY COMPANIES	17	-	-	513,799	660,780
ASSOCIATED COMPANIES	18	390,533	496,311	130,921	193,093
LONG TERM INVESTMENTS	19	72,846	100,863	23,450	21,806
LONG TERM RECEIVABLES	20	33,948	32,335	2,966	2,813
DEFERRED EXPENDITURE	21	5,325	6,715	-	-
CURRENT ASSETS					
Stocks	22	233,039	215,510	113,577	98,584
Receivables and prepayments	23	473,113	410,722	206,624	99,674
Cash and bank balances	24	1,193,407	81,293	1,068,512	16,862
		<b>1,899,559</b>	<b>707,525</b>	<b>1,388,713</b>	<b>215,120</b>
CURRENT LIABILITIES					
Amounts due to bankers	25	632,820	588,771	351,411	343,220
Trade and other payables	26	325,467	262,386	88,634	68,531
Taxation		14,485	18,565	2,854	5,097
Proposed dividends	9	257,270	10,658	257,270	10,658
		<b>(1,230,042)</b>	<b>(880,380)</b>	<b>(700,169)</b>	<b>(427,506)</b>
NET CURRENT ASSETS / (LIABILITIES)		<b>669,517</b>	<b>(172,855)</b>	<b>688,544</b>	<b>(212,386)</b>
LONG TERM LIABILITIES					
Provision for retirement benefits		11,002	7,159	9,971	6,718
Deferred taxation	27	68,748	70,272	44,834	44,834
Other unsecured notes	28	27,721	27,721	-	-
Long term loans	29	31,884	31,315	-	-
Other deferred liabilities	30	11,088	14,667	-	-
		<b>(150,443)</b>	<b>(151,134)</b>	<b>(54,805)</b>	<b>(51,552)</b>
		<b>1,794,571</b>	<b>1,102,968</b>	<b>1,500,726</b>	<b>813,639</b>

The Notes on pages 45 to 93 form an integral part of the financial statements.

# Statement of Recognised Gains and Losses

for the financial year ended 31 December

	The Group		The Company	
	2000	1999	2000	1999
	S\$'000	S\$'000	S\$'000	S\$'000
Exchange differences arising on consolidation	(3,124)	3,271	-	-
Share of movement in revaluation reserve of an associated company	-	(8,755)	-	-
(Goodwill)/discount arising on acquisition of interest in subsidiary and associated companies	(4,983)	8,339	-	-
Goodwill released upon disposal of interest in subsidiary and associated companies	14	-	-	-
(Losses)/gains not recognised in the Income Statements	(8,093)	2,855	-	-
Net profit for the year	949,652	83,154	951,546	24,083
Total recognised gains	941,559	86,009	951,546	24,083

The Notes on pages 45 to 93 form an integral part of the financial statements.

# Consolidated Cash Flow Statement

for the financial year ended 31 December

	2000	1999
	S\$'000	S\$'000
<b>Cash Flows from Operating Activities</b>		
Profit before taxation	985,019	134,565
<i>Adjustments for :</i>		
Amortisation of deferred expenditure	1,968	3,146
Amortisation of deferred income	(9,193)	(1,372)
Depreciation of property, plant and equipment	94,407	90,489
Property, plant and equipment written off	3,772	512
Gain from dilution and disposal of interest in subsidiary / associated companies / long term investments	(957,403)	(20,986)
Net provision of subsidiary / associated companies / long term investments and investment properties	27,823	17,087
Loss on disposal of investments	8,906	-
Interest expense	33,893	27,915
Interest income	(13,077)	(6,984)
Profit on sale of property, plant and equipment	(1,041)	(511)
Loss on disposal of investment properties	557	-
Provision for retirement benefits	4,201	897
Share of results of associated companies	(45,888)	(32,538)
<i>Operating Profit before working capital changes</i>	133,944	212,220
Increase in stocks	(4,256)	(74,031)
Decrease in development properties	-	87,935
Increase in receivables and prepayments	(51,198)	(43,939)
Decrease / (Increase) in deferred expenditure	312	(1,064)
Increase in amount due from associated companies	(8,327)	(6,336)
Increase in deferred income	1,029	6,329
Increase in trade and other payables	42,067	19,590
Exchange differences	4,579	4,198
<i>Cash generated from operations</i>	118,150	204,902
Income tax paid	(15,384)	(9,409)
Payment of retirement benefits	(495)	(1,927)
Dividends received from associated companies	3,033	1,296
<i>Net cash from operating activities</i>	105,304	194,862

The Notes on pages 45 to 93 form an integral part of the financial statements.

# Consolidated Cash Flow Statement

for the financial year ended 31 December

	2000	1999
	S\$'000	S\$'000
<b>Cash Flows from Investing Activities</b>		
Proceeds from sale of investment properties	3,904	-
Proceeds from sale of property, plant and equipment	11,559	5,452
Proceeds from sale of long term investments	34,842	85,727
Net proceeds from disposal of interest in subsidiary company	-	10,991
Proceeds from sale of associated companies	1,131,111	-
Acquisition of additional interest in subsidiary companies	(551)	(28,920)
Acquisition of new subsidiary companies	(2,625)	-
Purchase of property, plant and equipment	(89,986)	(104,536)
Purchase of long term investments	(20,461)	(1,378)
Additions to investment properties	(1,034)	-
Interest received	10,661	9,439
Investment in associated companies	(37,663)	(26,567)
<i>Net cash derived from / (used in) investing activities</i>	<u>1,039,757</u>	<u>(49,792)</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds from issue of shares	10,292	2,071
Proceeds from shares issued to minority interests	2,807	2,257
Increase / (Decrease) in amounts due to bankers	42,858	(61,131)
Decrease in other liabilities	(3,579)	(25,741)
Increase in long term receivables	(7,304)	(4,931)
Interest paid	(29,383)	(28,992)
Dividends paid	(28,139)	(27,532)
Dividends and other distributions paid to minority interests	(8,870)	(5,101)
<i>Net cash used in financing activities</i>	<u>(21,318)</u>	<u>(149,100)</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	1,123,743	(4,030)
<b>Cash and cash equivalents at 1 January (Note 31)</b>	47,428	51,252
<b>Foreign currency translation adjustment</b>	(43)	206
<b>Cash and cash equivalents at 31 December (Note 31)</b>	<u><u>1,171,128</u></u>	<u><u>47,428</u></u>

The Notes on pages 45 to 93 form an integral part of the financial statements.

# Consolidated Cash Flow Statement

for the financial year ended 31 December

## ACQUISITION OF SUBSIDIARY COMPANIES

The attributable net assets and purchase consideration of the subsidiary companies acquired during the year were as follows :

	2000	1999
	S\$'000	S\$'000
Property, plant and equipment (cost less accumulated depreciation)	8,210	-
Deferred expenditure	890	-
Long term receivables	62	-
Stocks	13,273	-
Receivables and prepayments	9,081	-
Cash and bank balances	1,391	-
Amount due to bankers	(13,346)	-
Trade and other payables	(16,504)	-
Provision for retirement benefits	(137)	-
Deferred taxation	(69)	-
	2,851	-
Minority interests	(1,458)	-
	1,393	-
Goodwill on consolidation taken to reserves	2,623	-
Cost of shares purchased	4,016	-
Bank balances of the subsidiary companies acquired	(1,391)	-
Net cash outflow on acquisition	2,625	-

## DISPOSAL OF SUBSIDIARY COMPANIES

The attributable net assets and proceeds from disposal of subsidiary companies during the year were as follows:

	2000	1999
	S\$'000	S\$'000
Property, plant and equipment (cost less accumulated depreciation)	-	697
Stocks	-	6,419
Receivables and prepayments	-	20,394
Cash and bank balances	*	191
Trade and other payables	-	(15,260)
Taxation	-	(416)
Long term loan	-	(9,357)
Deferred taxation	-	(135)
	*	2,533
Less net assets reclassified to associated company	*	(1,013)
	-	1,520
Net gain on disposal of subsidiary companies	-	3,254
Minority interest's share of gain	-	1,077
Unrealised gain	-	3,285
Related cost of disposal	-	2,046
	-	11,182
Cash and bank balances disposed	-	(191)
Net proceeds	-	10,991

\* denotes amount less than S\$1,000

The Notes on pages 45 to 93 form an integral part of the financial statements.

# Notes to the Financial Statements

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These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

## 1. GENERAL

The Company is domiciled and incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited. The address of its registered office is 22 Tanjong Kling Road, Singapore 628048.

The principal activities of the Group consist of the manufacturing of and trading in iron and steel products, other building products and services, lime and industrial chemicals, environment and engineering services, electronics, properties and investments. The principal activities of the Company consist of manufacturing of and trading in iron and steel products and investment holding. There have been no significant changes in the nature of these activities during the year.

The Statement of Changes in Equity comprise the Statement of Recognised Gains and Losses and Notes 11 to 13 of the financial statements.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### A. Basis of accounting

The financial statements have been prepared under the historical cost convention modified by the revaluation of certain property, plant and equipment.

The financial statements are prepared in accordance with and comply with Singapore Statements of Accounting Standard, except as stated in Notes 3 and 40 and are expressed in Singapore Dollars.

### B. Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary companies which comprise companies in which the Group has a long-term interest of more than 50% of the equity. Details of the Group's subsidiary companies are shown in Note 43. The results of subsidiary companies have been included from their respective dates of acquisition, and where applicable, to their respective dates of disposal. All intercompany transactions and balances have been eliminated.

The excess/deficit of the cost to the Group over the attributable net assets of subsidiary companies at acquisition date is included in goodwill/reserve on consolidation. Goodwill/reserve on consolidation is taken to reserves.

### C. Minority Interests

Minority interests shown in the balance sheet represents their share of the net equity in the subsidiary companies.

# Notes to the Financial Statements

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## D. Associated companies

The Group treats as associated companies those active companies in which a long-term equity interest of between 20% and 50% is held by the Company or by its subsidiary companies and in whose financial and operating policy decisions the Group exercises significant influence.

Details of the Group's significant associated companies are shown in Note 43.

The Group's share of results and taxes of associated companies are included in the consolidated income statement and are based on the latest audited financial statements or unaudited management financial statements. The attributable capital reserves and retained profits less accumulated losses of associated companies are added to the share of net assets of associated companies at acquisition date in the consolidated balance sheet.

The excess/deficit of the cost to the Group over the attributable net assets of associated companies at acquisition date is included in goodwill/reserve on consolidation. Goodwill/reserve on consolidation is taken to reserves.

## E. Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost or valuation.

No depreciation is provided on freehold land and capital work-in-progress (WIP).

Depreciation of other property, plant and equipment is on a straight line basis calculated so as to write off the cost or valuation of the property, plant and equipment over their estimated useful lives as follows :

Leasehold land	-	over the remaining lease period up to 60 years
Buildings	-	10 to 56 years
Leasehold improvements	-	5 to 7 1/2 years
Plant and machinery	-	3 to 13 1/3 years
Other assets	-	2 to 15 years

Other assets comprise furniture and fittings, office appliances and equipment, tooling equipment and motor vehicles.

## F. Investment properties

Investment properties are stated at cost, unless there is a diminution in value which is other than temporary, in which event an appropriate provision is made. Investment properties are held for the primary purpose of producing rental income and not held for resale in the ordinary course of business.

# Notes to the Financial Statements

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## **G. Long term investments**

Investments in quoted and unquoted securities, including subsidiary companies and associated companies held by the Company, are stated at cost unless there is a diminution in value that is other than temporary, in which case an appropriate provision is made.

## **H. Deferred rental**

Deferred rental is amortised in equal instalments over the period of the lease.

## **I. Stocks**

Stocks are stated at the lower of cost calculated primarily on the weighted average basis, and net realisable value. In arriving at the net realisable value, due allowance is made for damaged, obsolete or slow-moving stocks.

In respect of work-in-progress and manufactured stocks, cost includes materials, direct labour and an appropriate proportion of manufacturing overheads. For contracts where profits are recognised on the percentage of completion basis, work-in-progress also includes a portion of profit attributable to the level of completion.

## **J. Cash and cash equivalents**

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks, net of bank overdrafts.

## **K. Provision for retirement benefits**

The company and certain subsidiary companies operate separate unfunded defined retirement benefit schemes for certain employees, including executive directors.

Retirement benefits for employees have been provided for under contractual agreements entered into by the respective companies of the Group. Calculation is made based on present entitlement and salaries in accordance with agreement entered into. Such benefits are unfunded.

## **L. Leases**

Leased assets financed by leasing agreements that give rights approximating to ownership (i.e finance leases) are capitalised in the financial statements, and the corresponding obligations treated as a liability.

The assets so capitalised are depreciated and charged to income statements in accordance with the Group's depreciation policy.

The total interest, being the difference between the total instalments payable and the capital cost, is charged to the income statements in equal annual instalments over the period of the lease.

# Notes to the Financial Statements

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## **M. Taxation**

Current taxation is provided based on the tax payable on the income for the year that is chargeable to tax.

The Group adopts tax effect accounting based on the liability method which recognises the resultant effect of items allocated for income tax purposes to periods which differ from the accounting periods.

Deferred taxation benefits are recognised in the financial statements only to the extent of any deferred tax liability or when such benefits are expected to be realisable in the near future.

## **N. Foreign currencies**

Foreign currency monetary assets & liabilities are translated into Singapore dollars at rates of exchange approximating those prevailing at the balance sheet date; transactions in foreign currencies during the year are recorded in Singapore dollars at rates of exchange approximating those at transaction dates. All exchange differences, except for those arising from translation of long term foreign currency borrowings, are dealt with in the income statements. Exchange differences arising from long term foreign currency borrowings are deferred and recognised in the income statements on a straight line basis over the remaining period of the borrowings.

For inclusion in the consolidated financial statements, the assets and liabilities of foreign subsidiary companies are translated into Singapore dollars at exchange rates ruling at the balance sheet date. Subsidiary companies profit and loss items during the year and share of associated companies' profits and losses for the year are translated at the average exchange rates during the year. Exchange differences resulting from translating the opening net investment in foreign subsidiary and associated companies at the exchange rates prevailing at the balance sheet date which differ from the exchange rates prevailing at the previous balance sheet date, and differences resulting from translating other changes to shareholders' interest in foreign subsidiary and associated companies, are transferred directly to reserves.

## **O. Revenue Recognition**

Revenue comprises invoiced value of goods or services rendered in the normal course of trade and rental income, net of goods and services tax, returned goods and trade discounts.

Revenue from the sale of goods is recognised upon shipment to customers. Revenue from rendering of services is recognised when the service is rendered.

Rental income from investment properties and fixed assets are recognised on accrual basis.

Profit on the pre-sale of properties under development and income on contracts in progress are recognised using the percentage of completion method. When losses are expected, provision is made in the accounts after adequate allowances have been made for estimated costs to completion. The stage of completion is determined by reference to the percentage of costs incurred to date to the estimated total costs for each contract (after due allowances for contingencies), or by survey of work done, whichever is relevant to the contracts.

Dividend income, including those from quoted equity shares, subsidiary companies and associated companies, are recognised on the date they are declared to be payable. Income from fixed interest bearing securities and on fixed deposits are recognised on accrual basis.

# Notes to the Financial Statements

Entrance fees and membership transfer fees of membership clubs are recognised in the income statements when the amounts are due to be received. For entrance fees which are fully due upon the sale of the memberships, fifty percent of entrance fee is set aside and included in deferred income for any possible excess of operating costs including depreciation over operating revenues for the remaining membership period. The amounts set aside are amortised over the remaining membership period.

## P. Research and development

Research and development expenses are generally charged to the income statements in the period in which they are incurred.

Development expenditure attributable to major projects whose technical feasibility and commercial viability are reasonably assured is capitalised and amortised over 5 years.

## Q. Preliminary and Pre-operating expenses

Preliminary expenses are written off as and when incurred.

Pre-operating expenses are deferred and amortised over a period not exceeding 5 years.

## R. Purchased goodwill

Purchased goodwill consisting of rights to business names, trademarks, tradenames, technology and licenses is stated at cost and amortised over their expected useful life of 20 years.

## 3. DISCLOSURE OF EXPENSES

Statement of Accounting Standard No.1 has not been adopted insofar as it relates to the disclosure of certain expenses. In the opinion of the directors, disclosure of certain expenses as prescribed by the Statement of Accounting Standard at the present time is not in the competitive interests of the Company. This non-disclosure does not in any way affect the true and fair state of affairs of the Company and of the Group at 31 December 2000.

## 4. REVENUE

	The Group		The Company	
	2000	1999	2000	1999
	S\$'000	S\$'000	S\$'000	S\$'000
Sale of products (net)	1,366,381	1,329,349	280,633	320,950
Services rendered (net)	34,188	38,045	-	-
Rental income	18,035	21,163	-	-
Contract revenue	22,110	12,903	-	-
	<u>1,440,714</u>	<u>1,401,460</u>	<u>280,633</u>	<u>320,950</u>

# Notes to the Financial Statements

## 5. PROFIT FROM OPERATIONS

	The Group		The Company	
	2000	1999	2000	1999
	S\$'000	S\$'000	S\$'000	S\$'000
Profit from operations is arrived at				
After charging :				
Amortisation of deferred expenditure (Note 21)	1,968	3,146	-	-
Depreciation				
- Property, plant and equipment (Note 15)	94,407	90,489	19,963	17,220
Property, plant and equipment written off	3,772	512	-	-
Foreign exchange loss	14,452	10,139	-	2,414
Paid to directors of the Company				
- directors' fee	441	385	441	385
- directors' remuneration	9,878	2,474	9,878	2,474
Paid to other directors of subsidiaries				
- directors' fee and remuneration	10,030	9,778	-	-
- for other services rendered	8	16	-	-
Preliminary expenses written off	57	112	-	-
Provision for doubtful trade debts (Note 23a)	3,842	8,315	-	-
Provision for stock obsolescence (Note 22b)	1,256	1,638	117	-
Provision for retirement benefits	4,201	897	3,727	459
Remuneration paid to auditors of the Company for auditing the financial statements				
- current	539	557	150	130
- under provision in prior year	3	5	-	26
Remuneration paid to auditors of the Company for other services	420	48	420	16
Remuneration paid to other auditors for auditing the financial statements				
- current	371	332	-	-
- under provision in prior year	4	18	-	-
Remuneration paid to other auditors for other services	14	24	-	-
Operating lease expense	8,881	7,350	1,636	1,636
Research and development expenses written off	1,556	1,222	1,358	1,080
Trade debts written off	321	1,010	-	-
Loss on sale of property, plant and equipment	-	-	7	-
Loss on disposal of investment properties	557	-	-	-
And after crediting :				
Amortisation of deferred income (Note 14)	9,193	1,372	-	-
Foreign exchange gain	8,233	11,074	4,342	-
Profit on sale of property, plant and equipment	1,041	511	-	53
Write back of provision for stock obsolescence (Note 22b)	5,708	584	4,800	-
Write back of provision for doubtful debts (Note 23a)	8,072	6,514	-	-
Rental income from certain property, plant and equipment	16,822	19,159	-	-
Rental income from investment properties	1,213	2,004	-	-

In addition to the above, the profit from operations also includes items as disclosed in Note 40 of the financial statements.

# Notes to the Financial Statements

## 6. INVESTMENT AND INTEREST INCOME

	The Group		The Company	
	2000	1999	2000	1999
	S\$'000	S\$'000	S\$'000	S\$'000
Gross dividends from equity shares -				
Unquoted subsidiary companies	-	-	18,661	6,656
Quoted associated companies	-	-	2,502	1,234
Unquoted associated companies	-	-	1,136	333
Other quoted corporations	116	727	40	539
Other unquoted corporations	68	926	68	926
	184	1,653	22,407	9,688
Interest from associated companies	5,416	3,477	1,615	987
Interest from subsidiary companies	-	-	6,305	7,192
Interest on deposits	2,685	1,496	324	163
Other interest income	4,976	2,011	262	72
	13,261	8,637	30,913	18,102

## 7. FINANCE COSTS

	The Group		The Company	
	2000	1999	2000	1999
	S\$'000	S\$'000	S\$'000	S\$'000
Interest on fixed term loans	31,071	25,244	16,268	14,298
Interest on overdrafts	1,070	1,077	34	13
Interest to subsidiary companies	-	-	100	147
Other interest expense	1,752	1,594	-	-
	33,893	27,915	16,402	14,458

## 8. TAXATION

	The Group		The Company	
	2000	1999	2000	1999
	S\$'000	S\$'000	S\$'000	S\$'000
Taxation charge for the year comprises :				
Current taxation	9,614	11,558	1,870	4,084
Deferred taxation (Note 27)	693	11,957	-	4,500
Share of associated companies' taxes	2,715	3,207	-	-
	13,022	26,722	1,870	8,584
In respect of prior years :				
- Current taxation	1,690	2,022	-	-
- Deferred taxation (Note 27)	(2,217)	(1,672)	-	-
	12,495	27,072	1,870	8,584

# Notes to the Financial Statements

The taxation charge of the Group differs from that arrived at by applying the statutory tax rate to the Group's profit primarily because:

- certain expenses are not allowable for tax purposes;
- profits incurred by certain companies are exempt from tax or subject to concessionary tax rates under tax incentives;
- recognition of the future tax benefits of the capital allowances and tax losses of certain subsidiary companies;
- losses of certain companies cannot be offset against profits earned by other companies in the Group;
- varying statutory tax rates of different countries in which the Group operates; and
- certain gains and losses on disposal of investments not being taxable or deductible.

The taxation charge of the Company is lower than that arrived at by applying the statutory tax rate due to certain gains and losses on disposal of investments not being taxable or deductible.

The taxation charge of the Company in the prior year was higher than the statutory tax rate due mainly to the non-deductibility of certain expenses.

The Group and Company have capital allowances and tax losses available for offsetting against future taxable income as follows:

	<b>The Group</b>	
	<b>2000</b>	<b>1999</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>CAPITAL ALLOWANCES</b>		
Balance at beginning of the year	25,720	17,964
Additions for the year	5,446	10,566
Utilised for the year	(11,935)	(2,810)
Balance at end of the year	<u>19,231</u>	<u>25,720</u>

The Group has tax losses available for offsetting against future taxable income as follows:

	<b>The Group</b>	
	<b>2000</b>	<b>1999</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>TAX LOSSES</b>		
Balance at beginning of the year	23,940	38,803
Tax loss for the year	28,817	2,789
Utilised for the year	(9,083)	(17,652)
Balance at end of the year	<u>43,674</u>	<u>23,940</u>

The tax losses and capital allowances are available for set off against future taxable income, subject to the provisions of the Income Tax Act and agreement of the tax authorities. S\$5,306,000 (1999 : S\$15,792,000) of these capital allowances and S\$1,622,000 (1999 : S\$9,103,000) of these tax losses have been recognised to reduce the deferred tax liability of the Group as at 31 December 2000.

# Notes to the Financial Statements

## 9. DIVIDENDS

	<b>The Group and Company</b>	
	<b>2000</b>	<b>1999</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Interim dividends paid - 4 cents per share, less tax at 25.5% (1999 : 4 cents per share, less tax at 26%)	10,776	10,582
Additional dividend paid to new shares issued under the Company's share option scheme before books closure date	115	-
	<u>10,891</u>	<u>10,582</u>
Final dividends proposed - Nil cents per share, less tax at 24.5% (1999 : 4 cents per share, less tax at 25.5% tax)	-	10,658
Special dividends proposed		
- 10 cents per share, tax exempt (1999: S\$Nil)	36,235	-
- 80.8 cents per share, less tax at 24.5% tax (1999: S\$Nil)	221,035	-
	<u>257,270</u>	<u>10,658</u>
Dividends paid on preference shares - 3% net of tax (1999 : 3% net of tax)	6,590	6,400
	<u>274,751</u>	<u>27,640</u>

## 10. EARNINGS PER SHARE

On 23 February 2001, holders of the Company's Redeemable Convertible Preference Shares ("RCCPS") approved the proposal for the Company to redeem the RCCPS prior to the final redemption date of 30 June 2002, at a redemption amount of US\$1,201.69 for each RCCPS. The proposed redemption was approved by the shareholders of the Company on 26 March 2001 at an Extraordinary General Meeting.

Earnings per share as disclosed in the income statements are calculated assuming preference shares are redeemed.

Earnings per share is calculated based on consolidated net profit after taxation, minority interests, preference shares dividends and an accretion of the premium payable on redemption of preference shares ("Consolidated earnings"), divided by the weighted average number of ordinary shares.

	<b>The Group</b>	
	<b>2000</b>	<b>1999</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Consolidated earnings	934,199	68,643
	<b>Shares</b>	<b>Shares</b>
	<b>('000)</b>	<b>('000)</b>
Weighted average number of ordinary shares	360,799	357,061
Basic earnings per share	258.9 cents	19.2 cents
Fully diluted earnings per share	258.8 cents	19.2 cents

# Notes to the Financial Statements

## 11. SHARE CAPITAL

<b>The Group and Company</b>	
<b>2000</b>	<b>1999</b>
<b>S\$</b>	<b>S\$</b>
Ordinary shares (Note 11a)	178,825,118
Redeemable Convertible Cumulative Preference Shares (Note 11b)	178,863
	179,003,981

### 11a Ordinary Shares

<b>The Group and Company</b>	
<b>2000</b>	<b>1999</b>
<b>S\$</b>	<b>S\$</b>
Authorised : 1,000,000,000 (1999 : 500,000,000) ordinary shares of S\$0.50 each	250,000,000
Issued and fully paid: At beginning of the year, 357,650,237 (1999: 356,413,737) ordinary shares of S\$0.50 each	178,206,868
Exercise of options under the ESOS and NatSteel Ltd Share Option Scheme - Issue of 4,702,500 (1999: 1,236,500) ordinary shares of S\$0.50 each	618,250
At end of the year, 362,352,737 (1999: 357,650,237) ordinary shares of S\$0.50 each	178,825,118

During the financial year, the issued ordinary share capital of the Company was increased from S\$178,825,118 to S\$181,176,368 by the issue of 4,702,500 ordinary shares of S\$0.50 each, made up as follows:

<b>Number of shares</b>	<b>Premium per share (S\$)</b>
2,479,500	1.57
868,000	1.02
525,000	2.35
372,500	3.07
300,000	2.27
157,500	0.66
4,702,500	

# Notes to the Financial Statements

## 11b Redeemable Convertible Cumulative Preference Shares

	<b>The Group and Company</b>	
	<b>2000</b>	<b>1999</b>
	<b>S\$</b>	<b>S\$</b>
Authorised :		
190,000 Redeemable Convertible Cumulative Preference Shares of US\$1 each	271,871	271,871
Issued :		
125,000 Redeemable Convertible Cumulative Preference Shares of US\$1 each fully paid	178,863	178,863

125,000 Redeemable Convertible Cumulative Preference Shares ("RCCPS") of US\$1 each were issued on 25 June 1997 at a premium of US\$999 per share and carry the right to a cumulative preference dividend of 3% (net of tax) per annum.

On 23 February 2001, RCCPS holders approved the proposal for the Company to redeem the RCCPS prior to the final redemption date of 30 June 2002, at a redemption amount of US\$1,201.69 for each RCCPS. This proposed redemption was approved by the shareholders of the Company on 26 March 2001 at an Extraordinary General Meeting. The Company has announced that it will redeem the RCCPS on 2 April 2001.

## 11c Share Options

Under the Company's Executives' Share Option Scheme ("ESOS") and NatSteel Ltd Share Option Scheme (the "Scheme"), unissued ordinary shares of S\$0.50 each, are as follows :

<b>Dates options granted</b>	<b>Exercise price</b>	<b>The Group and Company</b>	
		<b>2000</b>	<b>1999</b>
	<b>S\$</b>		
27 April 1995	n.a	-	585,000
9 April 1996	2.07	745,000	1,170,000
13 September 1996	1.86	125,000	125,000
8 April 1997	2.66	1,658,750	2,231,250
9 June 1998	1.13	125,000	1,193,000
7 October 1998	n.a	-	157,500
16 April 1999	1.54	633,000	3,112,500
18 October 1999	2.28	125,000	125,000
6 April 2000	2.88	3,780,000	-
8 September 2000	1.78	8,642,500	-
		15,834,250	8,699,250

The options may be exercised by the option holders not earlier than one year from the dates granted and not later than five or ten years from such dates.

Pursuant to the declaration of special dividend, the subscription prices of the share options have been adjusted (effective 6 January 2001) in accordance with Rule 8 of the NatSteel Ltd Share Option Scheme.

# Notes to the Financial Statements

## 12. SHARE PREMIUM ACCOUNT

The movements in the share premium account during the year were as follows :

				<b>The Group and Company</b>	
				<b>2000</b>	<b>1999</b>
				<b>S\$'000</b>	<b>S\$'000</b>
Balance at 1 January				448,135	446,670
Premium on issue of shares under Executives' Share Option Scheme:					
		<b>Number of shares</b>		<b>Premium per share</b>	
		<b>2000</b>	<b>1999</b>	<b>2000</b>	<b>1999</b>
		2,479,500	1,124,500	1.57	1.02
		868,000	112,000	1.02	2.73
		525,000	-	2.35	-
		372,500	-	3.07	-
		300,000	-	2.27	-
		157,500	-	0.66	-
				3,893	1,147
				885	306
				1,234	-
				1,144	-
				681	-
				104	-
				-	12
				456,076	448,135

## 13. RESERVES

		<b>The Group</b>		<b>The Company</b>	
		<b>2000</b>	<b>1999</b>	<b>2000</b>	<b>1999</b>
		<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
	<b>Note</b>				
Revenue reserve	13a	926,421	262,506	850,008	173,213
Capital reserve	13b	15,885	15,885	-	-
Revaluation reserve	13c	28,347	28,347	-	-
General reserve	13d	18,806	15,913	13,287	13,287
		989,459	322,651	863,295	186,500

# Notes to the Financial Statements

The movement in Reserves are as follows :

## 13a Revenue reserve

	The Group		The Company	
	2000	1999	2000	1999
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January	262,506	195,912	173,213	176,770
Transfer from income statements	949,652	83,154	951,546	24,083
Dividends	(274,751)	(27,640)	(274,751)	(27,640)
Exchange differences arising on consolidation	(3,124)	3,271	-	-
(Goodwill)/discount arising on acquisition of interest in subsidiary and associated companies	(4,983)	8,339	-	-
Goodwill released upon disposal of interest in subsidiary and associated companies	14	-	-	-
Transfer to general reserve (Note 13d)	(2,893)	(530)	-	-
Balance at 31 December	926,421	262,506	850,008	173,213

## 13b Capital reserve

	The Group	
	2000	1999
	S\$'000	S\$'000
Balance at 31 December	15,885	15,885

## 13c Revaluation reserve

	The Group	
	2000	1999
	S\$'000	S\$'000
Balance at 1 January	28,347	37,102
Share of movement in revaluation reserve of an associated company	-	(8,755)
Balance at 31 December	28,347	28,347

## 13d General reserve

	The Group		The Company	
	2000	1999	2000	1999
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January	15,913	15,383	13,287	13,287
Transfer from revenue reserve (Note 13a)	2,893	530	-	-
Balance at 31 December	18,806	15,913	13,287	13,287

# Notes to the Financial Statements

## 14. DEFERRED INCOME

	The Group	
	2000	1999
	S\$'000	S\$'000
Balance at 1 January	29,189	24,232
Additions during the year	3,786	6,329
Amortisation during the year (Note 5)	(9,193)	(1,372)
Balance at 31 December	<u>23,782</u>	<u>29,189</u>

## 15. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Leasehold Land	Leasehold Buildings	Leasehold Improvements	Plant & Machinery	Other Assets	Capital WIP	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000

### The Group - 2000

#### Cost or Valuation

At 1 January	1,356	28,125	308,615	5,263	761,646	88,841	32,944	1,226,790
Currency realignment	44	489	722	(120)	555	215	(39)	1,866
Additions	-	3,784	6,479	192	46,887	9,933	22,711	89,986
Acquisition of subsidiaries	-	-	5,755	4	5,907	394	-	12,060
Disposals and write off	-	-	(3,025)	(281)	(16,235)	(8,350)	(2,258)	(30,149)
Reclassifications	-	(40)	2,137	1,264	39,206	400	(42,967)	-
At 31 December	<u>1,400</u>	<u>32,358</u>	<u>320,683</u>	<u>6,322</u>	<u>837,966</u>	<u>91,433</u>	<u>10,391</u>	<u>1,300,553</u>

#### Representing :

Cost	1,400	32,358	310,115	6,322	834,851	91,433	10,391	1,286,870
Valuation	-	-	10,568	-	3,115	-	-	13,683
	<u>1,400</u>	<u>32,358</u>	<u>320,683</u>	<u>6,322</u>	<u>837,966</u>	<u>91,433</u>	<u>10,391</u>	<u>1,300,553</u>

### The Group - 2000

#### Accumulated Depreciation

At 1 January	-	3,009	87,936	3,945	313,456	55,050	-	463,396
Currency realignment	-	66	312	82	2,493	401	-	3,354
Charge for the year	-	1,036	11,998	551	71,023	9,799	-	94,407
Acquisition of subsidiaries	-	-	1,072	-	2,635	143	-	3,850
Disposals and write off	-	-	(3,023)	(223)	(6,456)	(6,157)	-	(15,859)
Reclassifications	-	(72)	-	72	(32)	32	-	-
At 31 December	<u>-</u>	<u>4,039</u>	<u>98,295</u>	<u>4,427</u>	<u>383,119</u>	<u>59,268</u>	<u>-</u>	<u>549,148</u>

Depreciation for year 1999	-	928	11,723	564	67,240	10,034	-	90,489
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#### Net Book Value

At 31 December 2000	<u>1,400</u>	<u>28,319</u>	<u>222,388</u>	<u>1,895</u>	<u>454,847</u>	<u>32,165</u>	<u>10,391</u>	<u>751,405</u>
At 31 December 1999	<u>1,356</u>	<u>25,116</u>	<u>220,679</u>	<u>1,318</u>	<u>448,190</u>	<u>33,791</u>	<u>32,944</u>	<u>763,394</u>

# Notes to the Financial Statements

	Buildings	Plant & Machinery	Other Assets	Capital WIP	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>The Company - 2000</b>					
Cost					
At 1 January	89,101	239,530	16,428	29,520	374,579
Additions	266	222	807	16,167	17,462
Disposals / write off	-	-	(192)	(726)	(918)
Reclassifications	2,228	39,841	127	(42,196)	-
At 31 December	91,595	279,593	17,170	2,765	391,123
Accumulated Depreciation					
At 1 January	44,760	114,850	15,884	-	175,494
Charge for the year	3,951	15,537	475	-	19,963
Disposals / write off	-	-	(185)	-	(185)
At 31 December	48,711	130,387	16,174	-	195,272
Depreciation for year 1999	3,882	12,904	434	-	17,220
Net Book Value					
At 31 December 2000	42,884	149,206	996	2,765	195,851
At 31 December 1999	44,341	124,680	544	29,520	199,085

Included in the Group's property, plant and equipment are property, plant and equipment of subsidiary companies of net book value of S\$80,374,000 (1999 : S\$61,610,000) charged by way of debentures to banks for overdraft and term loan facilities granted (Note 25 and Note 29).

The buildings on leasehold land (situated in Singapore) are based on an independent valuation on open market basis by a firm of professional valuers, Asian Appraisals Pte Ltd, at 31 December 1990 while the remaining leasehold buildings stated at valuation (held under medium term lease) are situated in the People's Republic of China and were revalued on 31 March 1992 by the directors, based on professional advice, on an open market value basis.

Plant and machinery situated in the People's Republic of China were stated at valuation based on Directors' valuation at 31 March 1992.

The Group does not have a policy of periodic revaluation of property, plant and equipment. The revaluation surpluses were taken to reserves. The following are property, plant and equipment acquired under hire purchase and finance leases included in :

	Cost	Accumulated depreciation	Net book value
	S\$'000	S\$'000	S\$'000
<b>2000</b>			
Plant and machinery	15,725	(7,371)	8,354
Other assets	180	(33)	147
	15,905	(7,404)	8,501
<b>1999</b>			
Plant and machinery	17,651	(6,008)	11,643
Other assets	1,662	(508)	1,154
	19,313	(6,516)	12,797

# Notes to the Financial Statements

The Group's major properties comprise the following leasehold land and buildings :

- a. Factory buildings and associated structures located in Jurong and Woodlands, Singapore;
- b. Office building in Jurong, Singapore;
- c. Land and building in Jurong, Singapore, leased for the operation of a resort-style marina; and
- d. Land and buildings situated in People's Republic of China.

## 16. INVESTMENT PROPERTIES

	The Group	
	2000	1999
	S\$'000	S\$'000
Cost	22,940	27,339
Less provision for diminution in value	(1,500)	-
	21,440	27,339
Market value	21,334	28,664

Investment properties comprise the following :-

- (a) commercial land and building located in Adelaide, Australia;
- (b) a historical building in the Central Business District in Sydney, Australia;
- (c) land in Joo Chiat Road, Singapore.

During the year, certain units of the property (b) were sold.

## 17. SUBSIDIARY COMPANIES

	The Company	
	2000	1999
	S\$'000	S\$'000
Unquoted equity shares at cost	405,404	352,938
Less provision for diminution in value (Note 17a)	(96,594)	(40,400)
	308,810	312,538
Amounts owing by subsidiary companies		
- non-trade	296,405	403,507
Less provision for doubtful debt (Note 17b)	(77,051)	(37,100)
	219,354	366,407
Amounts owing to subsidiary companies		
- non-trade	(14,365)	(18,165)
	204,989	348,242
	513,799	660,780

# Notes to the Financial Statements

Included in the amounts owing by subsidiary companies is an interest free amount of S\$16,119,000 (1999 : S\$19,016,000). The remaining balance bears interest at rates ranging from 1.0% to 5.5% per annum (1999 : 1.0% to 5.8% per annum). The amounts owing by subsidiary companies are not expected to be repaid within the 12 months after the balance sheet date.

Included in the amounts owing to subsidiary companies is an interest free amount of S\$12,473,000 (1999 : S\$10,240,000). The remaining balance bears interest at rates ranging from 1.75% to 2.88% per annum (1999 : 2.3% to 6.0% per annum). The amounts owing to subsidiary companies are not expected to be paid within the 12 months after the balance sheet date.

Details regarding subsidiary companies are set out in Note 43.

## 17a Provision for diminution in value of investments

	<b>The Company</b>	
	<b>2000</b>	<b>1999</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Balance as at 1 January	40,400	80,400
Provided during the year	56,194	-
Write back of provision during the year	-	(40,000)
Balance as at 31 December	<u>96,594</u>	<u>40,400</u>

## 17b Provision for doubtful debt owing by subsidiary companies

	<b>The Company</b>	
	<b>2000</b>	<b>1999</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Balance as at 1 January	37,100	22,500
Provided during the year	39,951	14,600
Balance as at 31 December	<u>77,051</u>	<u>37,100</u>

# Notes to the Financial Statements

## 18. ASSOCIATED COMPANIES

	The Group		The Company	
	2000	1999	2000	1999
	S\$'000	S\$'000	S\$'000	S\$'000
Quoted equity shares at cost	151,037	185,406	136,926	171,295
Unquoted equity shares at cost	329,479	295,291	54,775	46,151
	480,516	480,697	191,701	217,446
Goodwill less reserve arising on acquisition of associated companies	(75,371)	(72,720)	-	-
Share of post acquisition reserves less losses, including translation differences	13,980	118,548	-	-
	419,125	526,525	191,701	217,446
Amount owing by associated companies - non-trade	94,614	86,803	41,327	43,204
	513,739	613,328	233,028	260,650
Provision for diminution in value of investments (Note 18a)	(122,000)	(116,167)	(102,107)	(67,557)
	391,739	497,161	130,921	193,093
Amount owing to associated companies - non-trade	(1,206)	(850)	-	-
	390,533	496,311	130,921	193,093
Market value of quoted equity shares	63,083	1,376,104	61,096	1,372,173

Details regarding significant associated companies are set out in Note 43.

Included in the Group's and Company's amounts owing by associated companies are interest free amounts of S\$72,876,000 (1999 : S\$59,696,000) and S\$36,086,000 (1999 : S\$38,194,000) respectively. The remaining balances bear interest at rates ranging from 6.7% to 8.0% per annum (1999 : 6.0% to 8.25%). These amounts are unsecured and are not expected to be repaid within the 12 months after the balance sheet date.

The amounts owing to associated companies are unsecured, interest free and are not expected to be repaid within the 12 months after the balance sheet date.

### 18a Provision for diminution in value of investments

	The Group		The Company	
	2000	1999	2000	1999
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January	116,167	70,043	67,557	31,412
Provision during the year	1,606	50,624	34,550	36,145
Write back during the year	-	(4,500)	-	-
Write off against provision	(261)	-	-	-
Transfer from accruals	4,488	-	-	-
Balance at 31 December	122,000	116,167	102,107	67,557

# Notes to the Financial Statements

## 19. LONG TERM INVESTMENTS

	The Group		The Company	
	2000	1999	2000	1999
	S\$'000	S\$'000	S\$'000	S\$'000
Quoted investments (at cost) :				
Equity shares	23,547	22,970	2,000	2,000
Less provision for diminution in value (Note 19a)	(16,559)	(11,247)	-	-
	6,988	11,723	2,000	2,000
Unquoted investments (at cost) :				
Equity shares	115,918	96,877	9,157	8,957
Interest in limited partnership	2,129	3,413	-	-
Other investments	51,605	80,914	13,366	11,922
Less current portion (Note 23)	-	(977)	-	-
	169,652	180,227	22,523	20,879
Less provision for diminution in value (Note 19a)	(103,794)	(91,087)	(1,073)	(1,073)
	65,858	89,140	21,450	19,806
	72,846	100,863	23,450	21,806
Market value of quoted equity shares	5,679	7,691	612	652

### 19a Provision for diminution in value of investments

	The Group		The Company	
	2000	1999	2000	1999
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January	102,334	133,476	1,073	2,243
Provision during the year	19,931	10,889	-	-
Write back during the year	(1,912)	(40,861)	-	-
Write off against provision	-	(1,170)	-	(1,170)
Balance at 31 December	120,353	102,334	1,073	1,073

## 20. LONG TERM RECEIVABLES

	The Group		The Company	
	2000	1999	2000	1999
	S\$'000	S\$'000	S\$'000	S\$'000
Loans receivable	43,926	36,560	9,503	3,367
Amounts receivable within 12 months (Note 23)	(1,411)	(1,715)	(480)	(554)
	42,515	34,845	9,023	2,813
Less provision for doubtful long term receivables (Note 20a)	(8,567)	(2,510)	(6,057)	-
Amounts receivable after 12 months	33,948	32,335	2,966	2,813

# Notes to the Financial Statements

## 20a Provision for doubtful long term receivables

	The Group		The Company	
	2000	1999	2000	1999
	\$'000	\$'000	S\$'000	S\$'000
Balance at 1 January	2,510	8,259	-	-
Provision for the year	6,057	2,510	6,057	-
Write back for the year	-	(8,259)	-	-
Balance at 31 December	8,567	2,510	6,057	-

Included in the above amounts are the following loans given by the Company under the Group's approved housing and car loan scheme to executives who are directors of the Company and of the subsidiaries :

	The Group and The Company	
	2000	1999
	S\$'000	S\$'000
<u>Housing and car loans receivable</u>		
Total loans receivable	3,446	1,320
Amounts receivable within 12 months	(480)	(222)
Amounts receivable after 12 months	2,966	1,098

## 21. DEFERRED EXPENDITURE

	Cost	Accumulated amortisation	Net book value	Amortisation
				charge for the year
	S\$'000	S\$'000	S\$'000	S\$'000
<b>The Group - 2000</b>				
Deferred rental	266	(130)	136	9
Pre-operating expenses	6,851	(3,534)	3,317	675
Purchased goodwill	2,083	(1,138)	945	132
Research and development expenditure	3,782	(2,855)	927	1,152
	12,982	(7,657)	5,325	1,968
<b>The Group - 1999</b>				
Deferred rental	266	(121)	145	9
Pre-operating expenses	6,014	(2,781)	3,233	2,065
Purchased goodwill	3,424	(1,318)	2,106	284
Research and development expenditure	2,934	(1,703)	1,231	788
	12,638	(5,923)	6,715	3,146

# Notes to the Financial Statements

## 22. STOCKS

	The Group		The Company	
	2000	1999	2000	1999
	S\$'000	S\$'000	S\$'000	S\$'000
Raw materials	105,692	85,976	55,218	51,839
Finished goods	89,743	94,637	43,484	30,358
General stores and consumables	30,380	37,945	18,904	25,099
Work-in-progress	13,709	10,963	-	-
Construction-in-progress (Note 22a)	2,581	626	-	-
	242,105	230,147	117,606	107,296
Less provision for stock obsolescence (Note 22b)	(9,066)	(14,637)	(4,029)	(8,712)
	233,039	215,510	113,577	98,584

Included in stocks of the Group are finished goods of S\$3,623,000 (1999 : S\$6,984,000) carried at net realisable value.

### 22a Construction-in-progress

	The Group	
	2000	1999
	S\$'000	S\$'000
Cost incurred	6,188	4,784
Attributable profits	1,158	1,239
	7,346	6,023
Less provision for foreseeable losses	(202)	(467)
Less progress billings	(4,563)	(4,930)
	2,581	626

### 22b Provision for stock obsolescence

	The Group		The Company	
	2000	1999	2000	1999
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January	14,637	19,404	8,712	12,672
Provision for the year (Note 5)	1,256	1,638	117	-
Write back during the year (Note 5)	(5,708)	(584)	(4,800)	-
Write off against provision	(1,119)	(5,821)	-	(3,960)
Balance at 31 December	9,066	14,637	4,029	8,712

# Notes to the Financial Statements

## 23. RECEIVABLES AND PREPAYMENTS

	The Group		The Company	
	2000	1999	2000	1999
	S\$'000	S\$'000	S\$'000	S\$'000
Trade debtors	340,902	326,716	14,364	19,073
Less provision for doubtful debts (Note 23a)	(24,472)	(32,303)	-	-
	316,430	294,413	14,364	19,073
Current portion of				
- Loans receivable (Note 20)	1,411	1,715	480	554
- Other unquoted long term investment (Note 19)	-	977	-	-
Amount owing by associated companies (trade)	82,570	45,493	11,650	14,826
Amount owing by subsidiary companies				
- trade	-	-	77,076	62,622
- non-trade	-	-	99,699	-
Prepayments	10,023	6,074	140	540
Deposits	5,616	6,982	196	191
Tax recoverable	8,208	8,594	-	-
Recoverable expenditure	2,830	1,947	2,340	1,087
Sundry debtors	46,025	44,527	679	781
	473,113	410,722	206,624	99,674

The amounts owing by subsidiary companies (non-trade) of S\$99,699,000 (1999 : S\$Nil) are unsecured, bear interest at rates ranging from 2.90% to 7.15% per annum and are repayable within the twelve months after balance sheet date.

### 23a Provision for doubtful debts :

	The Group	
	2000	1999
	S\$'000	S\$'000
Balance at 1 January	32,303	32,944
Currency realignment	159	-
Provided during the year (Note 5)	3,842	8,315
Write back during the year (Note 5)	(8,072)	(6,514)
Bad debts written off against provision	(3,760)	(2,442)
Balance at 31 December	24,472	32,303

# Notes to the Financial Statements

## 24. CASH AND BANK BALANCES

	The Group		The Company	
	2000	1999	2000	1999
	S\$'000	S\$'000	S\$'000	S\$'000
Fixed and call deposits	1,082,602	2,986	1,062,114	334
Cash and bank balances	110,805	78,307	6,398	16,528
	<b>1,193,407</b>	<b>81,293</b>	<b>1,068,512</b>	<b>16,862</b>

## 25. AMOUNTS DUE TO BANKERS

	The Group		The Company	
	2000	1999	2000	1999
	S\$'000	S\$'000	S\$'000	S\$'000
Bank overdrafts				
- Unsecured	19,537	28,294	5,672	7,402
- Secured	2,742	5,571	-	-
	<b>22,279</b>	<b>33,865</b>	<b>5,672</b>	<b>7,402</b>
Short term bank loans				
- Unsecured	559,766	484,821	345,739	335,818
- Secured	16,464	22,265	-	-
Current portion of long term loans				
- Unsecured (Note 29)	3,587	18,770	-	-
- Secured (Note 29)	3,913	3,521	-	-
Bills payable				
- Unsecured	24,187	16,694	-	-
- Secured	2,624	8,835	-	-
	<b>632,820</b>	<b>588,771</b>	<b>351,411</b>	<b>343,220</b>

The secured banking facilities are against fixed and floating charge over the assets of certain subsidiaries (Note 15).

## 26. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2000	1999	2000	1999
	S\$'000	S\$'000	S\$'000	S\$'000
Trade creditors	134,768	119,052	24,455	31,226
Other creditors and accruals				
- Accrued liability for capital expenditure	1,531	5,145	-	134
- Accrued operating expenses	100,868	78,907	36,668	23,991
- Deposits received	9,202	2,057	-	-
- Hire purchase creditors	2,748	3,464	-	-
- Obligations under finance leases	-	285	-	-
- Provision for warranties/claims	967	638	-	-
- Advances from minority shareholders	2,262	1,136	-	-
- Sundry creditors	57,238	44,145	16,926	2,796
Amount owing to subsidiary companies (trade)	-	-	10,124	9,980
Amount owing to associated companies (trade)	15,883	7,557	461	404
	<b>325,467</b>	<b>262,386</b>	<b>88,634</b>	<b>68,531</b>

# Notes to the Financial Statements

Advances from minority shareholders are unsecured, interest free and are expected to be repaid within twelve months.

## 27. DEFERRED TAXATION

	The Group		The Company	
	2000	1999	2000	1999
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January	70,272	60,122	44,834	40,334
Provided during the year (Note 8)	693	11,957	-	4,500
Disposal of subsidiary company	-	(135)	-	-
Overprovision in prior year (Note 8)	(2,217)	(1,672)	-	-
Balance at 31 December	68,748	70,272	44,834	44,834

## 28. OTHER UNSECURED NOTES (non-interest bearing)

	The Group	
	2000	1999
	S\$'000	S\$'000
220 Corporate Member Unsecured Notes 2020 Series A of S\$25,000 each fully paid	5,500	5,500
Individual Member Unsecured Notes 2020 Series A of S\$15,000 each		
- 1,481 Notes fully paid	22,215	22,215
- 1 Note partly paid (Membership terminated)	6	6
	27,721	27,721

The non-interest bearing unsecured notes, issued to raise funds for the construction of a world class marina facility, are governed by a trust deed dated 9 March 1990 and are redeemable in full on or before 15 May 2020.

In addition, at 31 December 2000, the Group has 44 (1999 : 44) outstanding options to subscribe for Individual Member Unsecured Notes 2020 Series A of S\$15,000 each granted for a consideration of S\$1.00 each.

## 29. LONG TERM LOANS

	The Group	
	2000	1999
	S\$'000	S\$'000
Bank loans -		
Secured	21,760	21,728
Unsecured	17,624	31,878
	39,384	53,606
Less amounts due within 12 months (Note 25)	(7,500)	(22,291)
Amounts due after 12 months	31,884	31,315

# Notes to the Financial Statements

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The Group's long term bank loans are secured by a fixed and floating charge over the property, plant and equipment of certain subsidiary companies (Note 15), and comprise:

- i) Loan of S\$526,224 (RM1,154,000) [1999: S\$911,821 (RM2,077,040)] repayable in equal monthly instalments up to March 2002. Interest is charged at 8.05% per annum (1999 : 8.05% to 9.27%).
- ii) Loan of S\$2,515,800 (RM5,517,224) [1999: S\$3,027,578 (RM6,896,532)] repayable in equal quarterly instalments up to October 2004. Interest is charged at 8.05% per annum (1999 : 8.05% to 9.27%).
- iii) Loan of S\$1,415,000 (USD816,667) [1999: S\$1,751,610 (USD1,050,000)] repayable in half yearly payments up to February 2004 and bears interest at the rate of 4.75% per annum (1999 : 4.75%).
- iv) Loan of S\$6,897,786 (1999: S\$7,197,786) repayable over 6 monthly instalments of S\$25,000 each up to 30 June 2001, 6 monthly instalments of S\$50,000 commencing 31 July 2001, 9 equal quarterly instalments of S\$700,000 commencing 31 March 2002 and final payment on 30 June 2004 of S\$147,786. Interest is charged at rates ranging from 4.7% to 5.605% per annum (1999 : 2.97% to 7.62%).
- v) Loan of S\$1,952,841 (1999: S\$2,252,841) repayable over 6 monthly instalments of S\$25,000 up to 30 June 2001, 6 monthly instalments of S\$50,000 commencing 30 July 2001, 3 equal quarterly instalments of S\$400,000 commencing 31 March 2002 and final payment on 31 December 2002 of S\$302,841. Interest is charged at rates ranging from 4.7% to 5.605% per annum (1999 : 2.97% to 7.62%).
- vi) Loan of S\$385,768 (1999: S\$415,838) repayable in monthly instalments up to September 2008 and bears interest at the rate of 8.2% per annum (1999 : 8.98%).
- vii) Loan of S\$1,208,000 (RM2,650,000) [1999: S\$1,690,150 (RM3,850,000)] repayable in 15 quarterly instalments of RM300,000 each and a final instalment of RM250,000 up to 15 April 2003. The loan bears interest ranging from 7.8% to 9.05% per annum (1999 : 8.05% to 9.30%).
- viii) Loan of S\$1,510,000 (FIM5,500,000) (1999: S\$Nil) repayable in half yearly instalments up to April 2006. Interest is charged at rates ranging from 6.2% to 7.2% per annum.
- ix) Loan of S\$715,000 (FIM2,602,000) (1999: S\$Nil) repayable in half yearly instalments up to June 2005. Interest is charged at rates ranging from 4.6% to 5.9% per annum.
- x) Loan of S\$1,145,000 (FIM4,168,000) (1999: S\$Nil) repayable in quarterly instalments up to June 2005. Interest is charged at rates ranging from 5.4% to 7.1% per annum.
- xi) Loan of S\$661,000 (FIM2,408,000) (1999: S\$Nil) repayable in monthly instalments up to November 2003. Interest is charged at rates ranging from 4.6% to 5.2% per annum.
- xii) Loan of S\$2,746,000 (FIM10,000,000) (1999: S\$Nil) repayable in half yearly instalments commencing December 2002 and ending June 2010. Interest is charged at rates ranging from 4.9% to 5.7% per annum.
- xiii) Loan of S\$81,000 (PHP2,323,000) (1999: S\$Nil) repayable in monthly instalments up to 2005. Interest is charged at 5.4175% per annum.

# Notes to the Financial Statements

The Group's unsecured bank loans comprise :

- i) Loan of S\$3,468,000 (USD2,000,000) [1999: S\$3,334,400 (USD2,000,000)] not expected to be repayable within the next 12 months. Interest is charged at rates ranging from 7.8% to 7.95% per annum (1999 : 5.80% to 7.00%).
- ii) Loan of S\$8,880,000 (HKD40,000,000) [1999 : S\$8,600,000 (HKD40,000,000)] repayable in 7 half-yearly payments up to January 2004. Interest is charged at rates ranging from 8.07% to 8.0884% per annum (1999 : 6.63% to 8.19%).
- iii) Loan of S\$513,064 (RM1,125,140) [1999: S\$501,441 (RM1,142,235)] repayable in 59 monthly instalments of RM18,752 each and a final instalment of RM18,772. Interest is charged at rates ranging from 8.55% to 9.3% per annum (1999 : 8.30% to 9.15%).
- iv) Loan of S\$943,000 (RM2,068,000) [1999: S\$1,317,000 (RM3,000,000)] repayable in 36 monthly instalments of RM94,335 each up to December 2002. Interest is charged at 7.8% per annum (1999 : 7.80% to 8.25%).
- v) Loan of S\$1,007,000 (RM2,208,000) (1999: S\$Nil) repayable in 36 monthly instalments of RM94,355 each commencing 6 months after full disbursement of the loan of a subsidiary company. The loan bears interest at 7.8% per annum.
- vi) Loan of S\$1,373,000 (FIM5,000,000) (1999: S\$Nil) repayable in half yearly instalments commencing October 2002 and ending April 2005. Interest is charged at rates ranging from 6.0% to 6.92% per annum.
- vii) Loan of S\$1,373,000 (FIM5,000,000) (1999: S\$Nil) repayable in April 2005. Interest is charged at rates ranging from 6.0% to 6.92% per annum.
- viii) Loan of S\$67,000 (FIM244,000) (1999: S\$Nil) repayable up to March 2005. Interest is charged at rates ranging from 1.0% to 1.5% per annum.

## 30. OTHER DEFERRED LIABILITIES

	The Group	
	2000	1999
	S\$'000	S\$'000
Hire purchase instalments of certain subsidiary companies due after 12 months	1,838	3,587
Loans from minority shareholders	9,250	11,080
	11,088	14,667

Loans from minority shareholders are unsecured, interest free and are not expected to be repaid within the 12 months after the balance sheet date.

# Notes to the Financial Statements

## 31. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and balances with banks less bank overdrafts. Cash and cash equivalents included in the consolidated cash flow statement comprise the following balance sheet amounts :

	Note	The Group	
		2000	1999
		S\$'000	S\$'000
Cash and bank balances	24	1,193,407	81,293
Bank overdrafts	25	(22,279)	(33,865)
		<u>1,171,128</u>	<u>47,428</u>

## 32. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the Group and the Company have the following significant transactions with related parties on terms agreed between the parties :

	The Group		The Company	
	2000	1999	2000	1999
	S\$'000	S\$'000	S\$'000	S\$'000
Purchases from associated companies	10,625	7,217	-	-
Sales to associated companies	218,786	142,250	3,463	6,616

## 33. DIRECTORS' REMUNERATION

Number of directors of the Company in each of the following remuneration bands is as follows :

S\$	S\$	Executive Directors		Non-executive Directors		Total	
		2000	1999	2000	1999	2000	1999
500,000	and Above	1	2	-	-	1	2
250,000	to 499,999	-	-	-	-	-	-
250,000	and Below	-	-	8	8	8	8
Total		<u>1</u>	<u>2</u>	<u>8</u>	<u>8</u>	<u>9</u>	<u>10</u>

## 34. FINANCIAL INFORMATION BY SEGMENTS

The Group operates mainly in the manufacturing of and trading in iron and steel products, other building products and services, lime and industrial chemicals, engineering services, property and resort development, electronics and investment holding. These activities are grouped under the four divisions of Steel, Industrial, Electronics and Properties & Investments.

The Group operates in 3 principal geographical areas namely Singapore, Asian and Asean Countries and Other Countries. Asian and Asean Countries comprise People's Republic of China, Hong Kong, Malaysia, Philippines, Taiwan, Myanmar, Vietnam and Indonesia. Other Countries comprise United Kingdom, Australia, British Virgin Islands, Republic of Mauritius, Finland and Hungary.

# Notes to the Financial Statements

## (A) BY INDUSTRY SEGMENTS

	Steel		Industrial	
	2000	1999	2000	1999
	S\$'000	S\$'000	S\$'000	S\$'000
<b>REVENUE</b>				
External sales	801,975	793,860	294,465	268,470
Inter-segment sales	499,357	494,370	64,811	66,552
<b>Total revenue</b>	<b>1,301,332</b>	<b>1,288,230</b>	<b>359,276</b>	<b>335,022</b>
<b>RESULT</b>				
Segment operating results	24,504	68,311	(12,281)	6,842
Results of the Group's investment holding activity				
Unallocated corporate expenses				
Profit from operations				
Investment and interest income				
Finance costs				
Share of results of associated companies	21,012	(3,423)	(2,927)	(2,615)
Profit before taxation				
Taxation				
Minority interests				
<b>Net profit for the year</b>				
<b>OTHER INFORMATION</b>				
Segment assets	714,272	690,757	339,532	344,223
Investment in equity method associates	229,898	176,601	32,149	31,895
Unallocated corporate assets				
Segment liabilities	(128,675)	(102,761)	(98,695)	(76,331)
Unallocated corporate liabilities				
Capital expenditure	27,919	33,120	13,587	41,602
Depreciation	(36,224)	(32,579)	(28,378)	(29,352)
Amortisation	(644)	(635)	(1,324)	(2,511)

## (B) BY GEOGRAPHICAL SEGMENTS

	Singapore		Asian and Asean Countries	
	2000	1999	2000	1999
	S\$'000	S\$'000	S\$'000	S\$'000
Segment revenue	1,518,421	1,539,892	470,458	418,047
Segment assets	1,007,725	1,028,552	467,255	433,718
Investment in equity method associates	348,366	460,122	42,399	36,452
Unallocated corporate assets				
<b>Total assets</b>				
Capital expenditure	83,740	92,654	4,788	11,755

# Notes to the Financial Statements

Electronics		Properties & Investments		Eliminations		Total Group	
2000	1999	2000	1999	2000	1999	2000	1999
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
326,009	285,306	18,265	53,824	-	-	1,440,714	1,401,460
-	-	-	232	(564,168)	(561,154)	-	-
326,009	285,306	18,265	54,056	(564,168)	(561,154)	1,440,714	1,401,460
48,042	43,965	7,214	4,934			67,479	124,052
						920,674	3,899
						(28,390)	(6,646)
						959,763	121,305
						13,261	8,637
						(33,893)	(27,915)
25,111	37,186	2,692	1,390			45,888	32,538
						985,019	134,565
						(12,495)	(27,072)
						(22,872)	(24,339)
						<b>949,652</b>	<b>83,154</b>
313,611	265,070	126,557	171,435			1,493,972	1,471,485
22,945	183,137	105,541	104,678			390,533	496,311
						1,290,551	166,686
						3,175,056	2,134,482
(78,636)	(64,463)	(43,243)	(48,020)			(349,249)	(291,575)
						(1,055,018)	(769,128)
						(1,404,267)	(1,060,703)
						1,770,789	1,073,779
48,066	29,522	1,448	292			91,020	104,536
(27,601)	(26,361)	(2,204)	(2,197)			(94,407)	(90,489)
-	-	-	-			(1,968)	(3,146)

Other Countries		Eliminations		Total Group	
2000	1999	2000	1999	2000	1999
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
16,003	4,675	(564,168)	(561,154)	1,440,714	1,401,460
18,992	9,215			1,493,972	1,471,485
(232)	(263)			390,533	496,311
				1,290,551	166,686
				<b>3,175,056</b>	<b>2,134,482</b>
2,492	127			91,020	104,536

# Notes to the Financial Statements

## 35. COMMITMENTS

	The Group		The Company	
	2000	1999	2000	1999
	S\$'000	S\$'000	S\$'000	S\$'000
Commitments for capital expenditure not provided for in the financial statements in respect of contracts placed for building and plant	8,283	16,461	-	191
Other amounts for building and plant approved by directors but not committed	32,856	26,858	-	1,313
Commitments in respect of equity participation in :				
- unquoted subsidiary companies	-	-	-	24,128
- unquoted associated companies	1,542	-	-	9,084
- partnerships/joint venture/ long term investments	17,185	5,016	15,478	3,766
	59,866	48,335	15,478	38,482

## 36. LEASE COMMITMENTS

Commitments for future minimum lease payments under non-cancellable operating leases in respect of leasehold land are as follows :

	The Group		The Company	
	2000	1999	2000	1999
	S\$'000	S\$'000	S\$'000	S\$'000
Payable :-				
Within 1 year	15,432	10,988	1,937	1,771
Within 2 to 5 years	45,591	27,123	7,748	7,084
After 5 years	179,590	94,556	56,578	52,624

## 37. ENTRANCE FEES

Unpaid gross entrance fees not due to the Group at 31 December 2000 for club memberships taken up amounted to S\$4,010,400 (1999 : S\$4,291,600).

## 38. CONTINGENT LIABILITIES (unsecured)

	The Group		The Company	
	2000	1999	2000	1999
	S\$'000	S\$'000	S\$'000	S\$'000
Guarantee given in respect of banking and other facilities granted to:				
- subsidiary companies	-	-	6,240	5,734
- associated companies	19,601	15,218	14,261	5,568
- other parties	26,000	43,259	-	-
	45,601	58,477	20,501	11,302

# Notes to the Financial Statements

The guarantee given to other parties represent bank loans utilised by a subsidiary's customer granted by the bankers. The banks shall have full recourse to the subsidiary in circumstances where the customer fails to repay the loans for reason other than bankruptcy, insolvency and/or liquidation.

## 39. NUMBER OF EMPLOYEES

The number of employees in the Group and the Company at 31 December 2000 were 17,180 (1999: 17,363) and 727 (1999: 701) respectively.

## 40. CHANGE IN ACCOUNTING POLICY FOR EXTRAORDINARY ITEMS

For the current financial year, the Group has elected for the early adoption of the revised Singapore Statement of Accounting Standard 8 (2000) "Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies".

Consequently, certain items previously classified as extraordinary items are now included as part of the operating profit in the income statements and the comparatives have been amended accordingly. These items are as follows:

	The Group		The Company	
	2000	1999	2000	1999
	S\$'000	S\$'000	S\$'000	S\$'000
Gain on disposal of NatSteel Electronics Ltd	951,761	-	1,090,031	-
Gain on disposal of other associated companies and long-term investments	5,642	20,986	-	14,392
Write back of provisions for diminution in value of investment and other interests in subsidiary companies, associated companies and long-term investments	2,379	41,274	12,222	40,176
<b>Total gains</b>	<b>959,782</b>	<b>62,260</b>	<b>1,102,253</b>	<b>54,568</b>
Provision for diminution in value of investment and other interests in subsidiary companies, associated companies, long-term investments and investment property	(30,202)	(58,361)	(136,752)	(50,882)
Loss on disposal of investments in associated companies and long-term investments	(8,906)	-	-	-
<b>Total loss</b>	<b>(39,108)</b>	<b>(58,361)</b>	<b>(136,752)</b>	<b>(50,882)</b>
	<b>920,674</b>	<b>3,899</b>	<b>965,501</b>	<b>3,686</b>

# Notes to the Financial Statements

Had the accounting policy for extraordinary items not been changed, the effects on the financial statements for the financial year ended 31 December 2000 would have been as follows:

	<b>Group</b>	<b>Company</b>
	<b>2000</b>	<b>2000</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Decrease in profit before taxation	920,674	965,501
Decrease in earnings per share (before extraordinary items)	255.2 cts	

Had the new accounting policy for extraordinary items been adopted for the financial year ended 31 December 1999, the effects on the financial statements previously issued for that financial year are as follows :

	<b>Group</b>	<b>Company</b>
	<b>1999</b>	<b>1999</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Increase in profit before taxation	3,899	3,686
Increase in earnings per share (before extraordinary items)	1.1 cts	

## 41. SUBSEQUENT EVENTS

Subsequent to the financial year-end, the Company announced the following:

- (a) On 18 January 2001, the Company announced the proposed redemption of the Company's 3% Redeemable Convertible Cumulative Preference Shares ("RCCPS") at a redemption amount of US\$1,201.69 for each RCCPS, or a total of approximately US\$150 million.

On 23 February 2001, RCCPS holders approved the proposal for the Company to redeem the RCCPS prior to the final redemption date of 30 June 2002, at a redemption amount of US\$1,201.69 for each RCCPS. This proposed redemption was approved by the shareholders of the Company on 26 March 2001 at an Extraordinary General Meeting. On 12 March 2001, the Company announced that it will redeem the RCCPS on 2 April 2001.

- (b) In the Company's circular to shareholders dated 26 February 2001, the Company also proposed a capital distribution of S\$0.87 in cash for each issued ordinary share in the capital of the Company by way of a capital reduction, pursuant to Section 73 of the Companies Act, Chapter 50 of Singapore. The capital distribution will involve the cancellation of up to S\$318.2 million from the Company's share premium account.

This proposed Capital Distribution was approved by the shareholders of the Company on 26 March 2001 at an Extraordinary General Meeting. The Capital Distribution is now subject to the approval of the High Court of the Republic of Singapore.

# Notes to the Financial Statements

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- (c) On 9 February 2001, the Group's associated company, Phoenix Tower Ltd, announced that it has completed the sale of its 55% stake in a commercial building. The Group's share of profit arising from this transaction is approximately S\$25 million. However, this has no material impact on the net assets of the Group.
- (d) On 17 March 2001, the Group announced that it has entered into a legally binding memorandum of understanding ("MOU") as well as a conditional placement agreement with Lee Metal Group Ltd ("LMG"), a Singapore incorporated company listed on the Singapore Exchange.

Under the MOU, the Group will merge its scrap metal operation with that of LMG under a new joint venture company. The Group will also enter into a joint procurement arrangement with LMG to jointly procure steel products for sale in Singapore.

Under the placement agreement, the LMG has agreed to place 20% of its existing share capital by way of an issue of 60 million new LMG shares at a subscription price of S\$0.155 per share to the Group. Upon completion, the Group will be a substantial shareholder of LMG.

The transactions contemplated in the MOU are not expected to have any material impact on the earnings per share or net tangible asset per share of the Group.

## 42. COMPARATIVES

In addition to the disclosure in Note 40, certain prior year comparative figures have been restated to conform with the current year's presentation. In particular, except for the departure in the disclosure of certain expenses as prescribed in the Singapore Statement of Accounting Standard ("SAS") 1, the comparatives have been adjusted or extended to take into account the requirements of the following revised SAS which the Group and Company implemented in 2000.

SAS 1 – Presentation of financial statements  
SAS 15 – Leases  
SAS 23 – Segment reporting

Except for the effect of adopting SAS 8 as disclosed in Note 40, the operating profit is not affected by the adoption of the above standards in these financial statements as the Group and the Company were already following the recognition and measurement principles in those standards.

# Notes to the Financial Statements

## 43. COMPANIES IN THE GROUP

The principal activities of the companies in the Group, their countries of incorporation and places of business, and the extent of NatSteel Ltd's equity interest in subsidiary companies and significant associated companies are as follows :

Name of Company	Country of incorporation and place of business	Amount of investment in shares		Percentage of equity held by the Group		Principal activities
		2000 S\$'000	1999 S\$'000	2000 %	1999 %	
<b>The Company</b>						
NatSteel Ltd	Singapore	-	-	-	-	Investment holding, manufacturing of and trading in iron and steel products
<b>Subsidiary companies Held by the Company Unquoted</b>						
B.J.H Pte Ltd	Singapore	53,678	53,278	86.0	83.2	Investment holding
Burwill Trading Pte Ltd	Singapore	9,500	2,500	100.0	100.0	Trading in steel and steel related products
Eastern Industries Private Limited	Singapore	11,600	11,600	100.0	100.0	Investment holding, trading in building materials
Materials Recycling Pte Ltd	Singapore	250	250	100.0	100.0	Trading in steel related products
NatSteel Brasil Ltda +	Brazil	171,372	147,475	66.0	64.0	Investment holding
NatSteel Chemicals Ltd	Singapore	4,232	4,232	100.0	100.0	Manufacturing of lime and refractory products
NatSteel Engineering Pte Ltd	Singapore	38,169	23,000	100.0	100.0	Spreader crane design and manufacturing, engineering works and distribution of marine parts and accessories

Note : + Audit not required by law in country of incorporation. These unaudited financial statements were reviewed for consolidation purposes.

NatSteel Brasil Ltda ("NatSteel Brasil") is a subsidiary company in accordance with the provisions of the Singapore Companies Act. For accounting purposes, it is regarded under the terms of the arrangement between the shareholders of this company as a Joint Venture Company in accordance with Statement of Accounting Standard No.29 Financial Reporting of Interests in Joint Ventures. For the purposes of preparing the consolidated accounts of the group, the assets and liabilities of NatSteel Brasil and its results are proportionately consolidated.

# Notes to the Financial Statements

Name of Company	Country of incorporation and place of business	Amount of investment in shares		Percentage of equity held by the Group		Principal activities
		2000 S\$'000	1999 S\$'000	2000 %	1999 %	
<b>Subsidiary Companies Held by the Company (Cont'd)</b>						
NatSteel Equity III Pte Ltd	Singapore	*	*	100.0	100.0	Investment holding
NatSteel Equity IV Pte Ltd	Singapore	*	*	100.0	100.0	Investment holding
NatSteel Equity V Pte Ltd	Singapore	18,258	18,258	100.0	100.0	Investment holding
NatSteel Investment Services Pte Ltd	Singapore	2,000	2,000	100.0	100.0	Investment and trading in securities, foreign exchange contracts and other financial instruments
NatSteel Properties Pte Ltd	Singapore	10,400	10,400	100.0	100.0	Property investment and investment holding
NatSteel Resorts International Pte Ltd	Singapore	8,000	8,000	100.0	100.0	Investment holding
NatSteel Technology Investments Pte Ltd	Singapore	9,000	3,000	100.0	100.0	Investment holding
NatSteel Trade International Pte Ltd	Singapore	1,765	1,765	60.0	60.0	Trading in steel and steel related products
Wujin NatSteel Co. Ltd @	People's Republic of China	52,596	52,596	100.0	100.0	Manufacturing of and trading in iron and steel products
Wuxi Jinyang Metal Products Co. Ltd @	People's Republic of China	14,584	14,584	65.0	65.0	Manufacturing and sale of pre-stressed concrete, steel strand, steel bar, steel wire and other related products
		405,404	352,938			

Note : \* Denotes share capital of less than S\$1,000  
 @ Audited by associated firms of PricewaterhouseCoopers, Singapore

# Notes to the Financial Statements

Name of Company	Country of incorporation and place of business	Amount of investment in shares		Percentage of equity held by the Group		Principal activities
		2000 S\$'000	1999 S\$'000	2000 %	1999 %	
<b>Subsidiary Companies Held by Subsidiaries</b>						
<b>Quoted</b>						
NatSteel Broadway Ltd #	Singapore	22,115	22,115	51.6	51.6	Investment holding
<b>Unquoted</b>						
Admiralty Development Pty Ltd @ @	Australia	6,972	6,972	45.0	45.0	Property development
Antak International Limited #	Hong Kong	2	2	51.6	51.6	Investment holding
B. J. Industries (Pte) Ltd	Singapore	38,032	38,032	83.2	83.2	Investment holding, stamping metal parts, precision machining of computer components and tools and die making
B J Technologies Pte Ltd	Singapore	450	450	83.2	83.2	Plastic injection moulding
Best Bar Pty Ltd @	Australia	2,430	-	61.8	-	Rebar fabrication
Broadway Haier (Qingdao) Industrial Co. Ltd #	People's Republic of China	9,600	-	41.3	-	Manufacture of plastic, metal and mould components
Broadway Industrial Company Limited #	Hong Kong (i)	25,250	25,250	51.6	51.6	Investment holding and manufacture of plastic and metal products
Broadway Industrial Hungary KFT #	Hungary	160	160	51.6	51.6	Manufacturing of metal products
Budaya Firasat Sdn Bhd @	Malaysia	*	*	100.0	100.0	Dormant
Note :	<ul style="list-style-type: none"> <li>* Denotes share capital of less than S\$1,000</li> <li>@ Audited by associated firms of PricewaterhouseCoopers, Singapore</li> <li>@@ Audited by other firms</li> <li># Audited by Deloitte &amp; Touche</li> <li>(i) Places of business are Hong Kong and People's Republic of China</li> </ul>					

# Notes to the Financial Statements

Name of Company	Country of incorporation and place of business	Amount of investment in shares		Percentage of equity held by the Group		Principal activities
		2000 S\$'000	1999 S\$'000	2000 %	1999 %	
<b>Subsidiary Companies Held by Subsidiaries (Cont'd)</b>						
Building Gateway Pte Ltd	Singapore	800	-	70.0	-	Provision of services to the building and construction industry
Camillia Enterprise Pte Ltd	Singapore	550	550	55.0	55.0	Dormant
Charter Pacific Industries Limited #	Hong Kong (i)	4,083	4,083	51.6	51.6	Manufacture of metal products
Computer Store (Asia) Pte Ltd	Singapore	*	*	85.8	85.8	Inactive
Eastech Steel Mill Services Pte Ltd	Singapore	332	332	72.0	72.0	Marketing and sale of refractory and steel mill related products
Eastech Steel Mill Services (M) Sdn Bhd @	Malaysia	1,040	1,040	91.6	91.6	Manufacture and sales of monolithic refractories and trading of its related products
Easteel Construction Services Private Limited	Singapore	1,000	1,000	100.0	100.0	Construction services and trading in construction related products
Eastern Bricks Pte Ltd	Singapore	1,950	1,950	65.0	65.0	Trading of bricks
Eastern Concrete Pte Ltd	Singapore	1,965	1,965	68.6	68.6	Manufacturing of ready mix concrete
Eastern Gotech (HK) Ltd @	Hong Kong	*	*	90.0	90.0	Marketing and selling of plastering materials

Note : \* Denotes share capital of less than S\$1,000  
 @ Audited by associated firms of PricewaterhouseCoopers, Singapore  
 # Audited by Deloitte & Touche  
 (i) Places of business are Hong Kong and People's Republic of China

# Notes to the Financial Statements

Name of Company	Country of incorporation and place of business	Amount of investment in shares		Percentage of equity held by the Group		Principal activities
		2000 S\$'000	1999 S\$'000	2000 %	1999 %	
<b>Subsidiary Companies Held by Subsidiaries (Cont'd)</b>						
Eastern Pretech Pte Ltd	Singapore	71,357	71,357	100.0	100.0	Manufacturing of and trading in building materials
Eastern Pretech (HK) Ltd @	Hong Kong	3,666	3,666	90.0	90.0	Manufacturing and selling of plastering materials
Eastern Pretech (Malaysia) Sdn Bhd @	Malaysia	7,918	7,918	100.0	100.0	Manufacturing of and trading in building materials
Eastern Sand Pte Ltd (formerly known as Eastern Pretech Pacific Pte Ltd)	Singapore	1,020	1,020	100.0	100.0	Dormant
Eastern Steel Services Pte Ltd	Singapore	6,690	6,690	100.0	100.0	Rebar fabrication
Eastern Steel Fabricators Phils. Inc. @@	Philippines	2,910	2,910	67.0	67.0	Rebar fabrication
Eastern Wire Pte Ltd	Singapore	23,273	23,273	100.0	100.0	Manufacturing and sale of wire and welded wire mesh
EW Reinforcement Pty Ltd @	Australia	950	*	100.0	100.0	Trading of reinforcement concrete related building materials and rebar fabrication
E.I Resources Sdn Bhd@	Malaysia	632	632	100.0	100.0	Extraction and sale of aggregates
EI Marine Pte Ltd	Singapore	500	500	100.0	100.0	Barge and tugboat services

Note : \* Denotes share capital of less than S\$1,000  
 @ Audited by associated firms of PricewaterhouseCoopers, Singapore  
 @@ Audited by other firms

# Notes to the Financial Statements

Name of Company	Country of incorporation and place of business	Amount of investment in shares		Percentage of equity held by the Group		Principal activities
		2000 S\$'000	1999 S\$'000	2000 %	1999 %	
<b>Subsidiary Companies Held by Subsidiaries (Cont'd)</b>						
Engineering Computer Services (S) Pte Ltd	Singapore	8,046	8,046	85.8	85.8	Dealing in computer hardware and software and provision of computer services
Engineering Computer Services (Taiwan) Co Ltd @@	Taiwan	354	354	43.7	43.7	Sales and design of computer-related products and systems
Everen Investment Pte Ltd	Singapore	4,600	4,600	100.0	100.0	Investment holding
Harrington Grande Pty Ltd @@	Australia	*	*	60.0	60.0	Trustee for Harrington Grande Unit Trust
Harrington Grande Unit Trust @@	Australia	7,114	7,114	60.0	60.0	Property development
Hero Plastic Pigment Company Limited #	British Virgin Islands (i)	*	*	26.3	26.3	Manufacture and sale of pigment blends and trading of masterbatches
I.S.D. Crane Equipment Ltd @@	Israel	*	*	68.0	68.0	Sell, service and lease equipment in the petroleum, construction, shipbuilding and related industries
Intertint Production (B.V.I) Limited #	British Virgin Islands (ii)	2	-	51.6	-	Manufacture of plastic products
ISV Investment Pte Ltd	Singapore	-	*	**	100.0	Investment and property investment
Katayama Chemicals (S) Pte Ltd	Singapore	*	*	50.4	50.4	Manufacturing of and trading in water treatment chemicals

- Note : \* Denotes share capital of less than S\$1,000  
 \*\* Classified as an associated company in 2000  
 @@ Audited by other firms  
 # Audited by Deloitte & Touche  
 (i) Places of business are Hong Kong and People's Republic of China  
 (ii) Place of business is People's Republic of China

# Notes to the Financial Statements

Name of Company	Country of incorporation and place of business	Amount of investment in shares		Percentage of equity held by the Group		Principal activities
		2000 S\$'000	1999 S\$'000	2000 %	1999 %	
<b>Subsidiary Companies Held by Subsidiaries (Cont'd)</b>						
Kuari Atrah Sdn Bhd @@	Malaysia	2,330	2,330	56.7	56.7	Leasing the right and licence to extract rock materials
Limetreat (M) Sdn Bhd @@	Malaysia	1,061	1,061	81.0	81.0	Manufacturing of and trading in lime products
Limetreat Trading Co. Sdn Bhd @@	Malaysia	*	*	81.0	81.0	Mining of limestone
Myanmar Soon Douglas Company Ltd @@	Myanmar	141	141	68.0	68.0	Trading in heavy equipment
NatSteel Adelaide Properties Pte Ltd	Singapore	10	10	100.0	100.0	Property investment
NatSteel Admiralty Pte Ltd	Singapore	6	6	56.3	56.3	Investment holding
NatSteel Broadway (Mauritius) Limited #	Republic of Mauritius	170	-	51.6	-	Investment holding
NatSteel Carriers Pte Ltd	Singapore	-	-	-	-	Struck off from the Registrar of Companies and Businesses
National Cement Industry Pte Ltd	Singapore	8,272	8,272	68.6	68.6	Trading of cement
NatSteel Chemicals (M) Sdn Bhd @	Malaysia	8,788	9,046	85.7	82.4	Manufacturing of and trading in lime products
NatSteel Chemicals (Thailand) Pte Ltd	Singapore	7,170	7,170	100.0	100.0	Investment holding

Note : \* Denotes share capital of less than S\$1,000  
 @ Audited by associated firms of PricewaterhouseCoopers, Singapore  
 @@ Audited by other firms  
 # Audited by Deloitte & Touche

# Notes to the Financial Statements

Name of Company	Country of incorporation and place of business	Amount of investment in shares		Percentage of equity held by the Group		Principal activities
		2000 S\$'000	1999 S\$'000	2000 %	1999 %	
<b>Subsidiary Companies</b>						
<b><u>Held by Subsidiaries (Cont'd)</u></b>						
NatSteel Engineering Sdn Bhd @	Malaysia	77	77	100.0	100.0	Distribution of marine- related products
NatSteel Engineering (UK) Limited @	United Kingdom	849	849	100.0	100.0	Designing, engineering and manufacturing of container handling spreader
NatSteel Envirotech Pte Ltd	Singapore	1,476	1,476	100.0	100.0	Manufacturing of and trading in abrasives, and slag-handling services
NatSteel Equity II Pte Ltd	Singapore	9,568	9,568	100.0	100.0	Investment holding
NatSteel Guinard Oil Services Pte Ltd	Singapore	3,000	3,000	60.0	60.0	Disposition and treatment of oily sludge and slops
NatSteel Hydraulics Pte Ltd	Singapore	175	175	100.0	100.0	Dormant
NatSteel-Katayama Chemicals Pte Ltd	Singapore	756	756	50.4	50.4	Manufacture of and trading in water treatment chemical products
NatSteel Resorts (HK) Limited @@	Hong Kong	220	220	100.0	100.0	Investment holding and property development
NatSteel Shipbreakers Pte Ltd	Singapore	412	412	100.0	100.0	Shipbreaking
NatSteel Sydney Properties Pte Ltd	Singapore	10	10	100.0	100.0	Property investment

Note : @ Audited by associated firms of PricewaterhouseCoopers, Singapore  
 @@ Audited by other firms

# Notes to the Financial Statements

Name of Company	Country of incorporation and place of business	Amount of investment in shares		Percentage of equity held by the Group		Principal activities
		2000 S\$'000	1999 S\$'000	2000 %	1999 %	
<b>Subsidiary Companies Held by Subsidiaries (Cont'd)</b>						
Oy Parmarine Ltd @	Finland	2,071	-	78.0	-	Manufacturing and trade of building components
PACE Soon Douglas Pty Ltd @@	Australia	6	6	40.6	40.8	Sell, service and lease equipment in the petroleum, construction, shipbuilding and related industries
Parma-Italia S.R.L. @	Finland	*	-	78.0	-	Dormant
Parmaster Fire Doors Oy @	Finland	14	-	78.0	-	Manufacturing and trading of building components
Phraya Investment Pte Ltd	Singapore	4,600	4,600	100.0	100.0	Investment holding
PT BJ Industries Indonesia @@	Indonesia	640	640	83.2	83.2	Stamping metal parts and precision machining of computer components, and tools and die making
PT Eastech Indonesia @	Indonesia	856	856	51.6	51.6	Manufacture of refractories
PT Eastern Indotama Resources @	Indonesia	2,830	2,830	100.0	100.0	Extraction and sale of granite
PT Material Recycling Indonesia +	Indonesia	267	267	100.0	100.0	Trading in steel related products
PT Sindo Batu Bata Industri @	Indonesia	3,764	3,764	65.0	65.0	Manufacturing of bricks

Note : \* Denotes share capital of less than S\$1,000  
 @ Audited by associated firms of PricewaterhouseCoopers, Singapore  
 @@ Audited by other firms  
 + Audit not required in the country of incorporation. These unaudited financial statements were reviewed for consolidation purposes.

# Notes to the Financial Statements

Name of Company	Country of incorporation and place of business	Amount of investment in shares		Percentage of equity held by the Group		Principal activities
		2000 S\$'000	1999 S\$'000	2000 %	1999 %	
<b>Subsidiary Companies Held by Subsidiaries (Cont'd)</b>						
PT Unggul Equipindo Sarana @	Indonesia	163	163	68.0	68.0	Sell and lease equipment in the petroleum, construction, shipbuilding and related industries
Raffles Marina Ltd	Singapore	6,651	6,500	75.0	65.0	Owning and managing the Raffles Marina Club
Raffles Voyages Pte Ltd	Singapore	*	*	65.0	65.0	Owning and chartering of boats
RST Teknologi Sdn Bhd @	Malaysia	460	460	100.0	100.0	Manufacturing of aggregates
Shenzhen Chater Plaster Metal Co @@	People's Republic of China	*	*	41.3	41.3	Dormant
Skyway Electronics Limited #	Hong Kong (i)	*	*	51.6	51.6	Printed circuit board assembly
Skyway Electronics (Mauritius) Limited #	Republic of Mauritius (ii)	172	*	51.6	51.6	Dormant
Soon Douglas Pte Ltd ("SDPL")	Singapore	10,189	10,189	67.7	67.7	Sell, service and lease equipment in the petroleum, construction, shipbuilding and related industries and investment holding
Soon Douglas Sdn Bhd @	Malaysia	*	*	67.7	67.7	Sell, service and lease equipment in the petroleum, construction, shipbuilding and related industries
Sydney Cove Pte Ltd	Singapore	6	6	60.0	60.0	Investment holding

Note : \* Denotes share capital of less than S\$1,000  
 @ Audited by associated firms of PricewaterhouseCoopers, Singapore  
 @@ Audited by other firms  
 # Audited by Deloitte & Touche  
 (i) Places of business are Hong Kong and People's Republic of China  
 (ii) Place of business is People's Republic of China

# Notes to the Financial Statements

Name of Company	Country of incorporation and place of business	Amount of investment in shares		Percentage of equity held by the Group		Principal activities
		2000 S\$'000	1999 S\$'000	2000 %	1999 %	
<b>Subsidiary Companies Held by Subsidiaries (Cont'd)</b>						
SR Mill Tech Pte Ltd	Singapore	*	*	100.0	100.0	Provision of slag handling activities
Sun Ngai Spraying & Silk Print Co #	British Virgin Islands (ii)	3,212	3,212	26.3	26.3	Spraying and silk print services
Tanglin Regent Holdings Limited +	British Virgin Islands	-	*	-	100.0	De-registered
Timaru Pte Ltd	Singapore	*	*	100.0	100.0	Property investment
Tsin-Hsin Computer Co Ltd @@	Taiwan	139	139	43.6	43.6	Trading in computer software and computer peripheral equipment
Yoong-Hsin Computer Co Ltd @@	Taiwan	415	415	26.2	26.2	Trading in computer software and computer peripheral equipment
7 Bridge Street Pty Ltd @	Australia	*	*	51.0	51.0	Property investment
7 Bridge Street Unit Trust @	Australia	*	*	51.0	51.0	Property development

Note : \* Denotes share capital of less than S\$1,000  
 @ Audited by associated firms of PricewaterhouseCoopers, Singapore  
 @@ Audited by other firms  
 + Audit not required in the country of incorporation  
 # Audited by Deloitte & Touche  
 (ii) Place of business is People's Republic of China

# Notes to the Financial Statements

Amount of investment in shares	Country of incorporation and place of business	Percentage of equity held by the Group		Principal activities
		2000 %	1999 %	
<b>Associated companies Held by the Company</b>				
<b>Quoted</b>				
Intraco Limited (1)	Singapore	21.4	21.9	Engineering and projects packaging, industrial marketing and distribution, investments in storage and warehousing and investment holding
NatSteel Electronics Ltd (2)	Singapore	-	34.0	Investment holding and contract manufacturing for original equipment manufacturers in the computer, telecommunications and related electronics industries
Southern Steel Berhad (3)	Malaysia	27.0	27.0	Manufacturing of and trading in steel bars and wire rods
<b>Unquoted</b>				
National Oxygen Pte Ltd	Singapore	36.8	36.8	Manufacturing of and trading in industrial gases
NatSteelVina Co Ltd (2)	Vietnam	33.9	33.9	Manufacturing of steel and steel related products
Southern NatSteel (Xiamen) Ltd (5)	People's Republic of China	40.7	40.7	Manufacturing of steel and steel related products
Steel Asia Industries Inc (4)	Philippines	40.0	40.0	Manufacturing of and trading in iron and steel products
Steel Asia Manufacturing Corp (4)	Philippines	40.0	40.0	Manufacturing of and trading in iron and steel products

- Note : (1) Audited by Ernst & Young  
(2) Audited by KPMG  
(3) Audited by S. Thillamuthu & Co  
(4) Audited by Arthur Andersen  
(5) Audited by associated firms of PricewaterhouseCoopers, Singapore

# Notes to the Financial Statements

Amount of investment in shares	Country of incorporation and place of business	Percentage of equity held by the Group		Principal activities
		2000 %	1999 %	
<b>Associated companies Held by Subsidiaries</b>				
<b>Quoted</b>				
RCR Tomlinson Ltd (1)	Australia	40.8	40.8	Provision of engineering services
<b>Unquoted</b>				
Aço Minas Gerais S/A - Açominas (2)	Brazil	15.2	14.4	Manufacturing and trading of steel products
Bangkok Synthetics Company Limited (3)	Thailand	22.4	22.4	Manufacture and sale of gasoline additives
B W Highsonic Industrial Ltd (4)	British Virgin Islands (i)	25.8	25.8	Manufacture of plastic components
CSC Enterprise (S) Pte Ltd	Singapore	-	24.0	General import and export trading
DD Management Services Pte Ltd	Singapore	33.0	33.0	Dormant
Dalat Dankia Holdings Pte Ltd	Singapore	33.0	33.0	Dormant
Delpha Investment Pte Ltd	Singapore	50.0	50.0	Property investment
ECS Computers (Asia) Pte Ltd	Singapore	-	34.3	Trading in computer software and computer peripheral equipment
Engineering Computer Services (M) Sdn Bhd (5)	Malaysia	42.0	42.0	Trading in computer software and computer peripheral equipment

- Note : (1) Audited by Bird Cameron Partners  
 (2) Audited by Arthur Andersen  
 (3) Audited by KPMG  
 (4) Audited by Deloitte & Touche  
 (5) Audited by other firms  
 (i) Place of business is People's Republic of China

# Notes to the Financial Statements

Amount of investment in shares	Country of incorporation and place of business	Percentage of equity held by the Group		Principal activities
		2000 %	1999 %	
<b>Associated companies</b>				
<b>Held by Subsidiaries (cont'd)</b>				
Engineering Computer Services (NU-Shenyang) Co. Ltd (1)	People's Republic of China	42.0	42.0	Trading in computer software and computer peripheral equipment
Guizhou Dazhong Rubber Company Ltd (1)	People's Republic of China	30.0	30.0	Manufacturing of rubber parts for motor vehicles
Hexa Timber (S) Pte Ltd (2)	Singapore	18.0	18.0	Dormant
Huteng Investment Pte Ltd (3)	Singapore	25.0	25.0	Investment holding
Hua Ye Holdings Pte Ltd	Singapore	25.0	25.0	Investment holding
Induspark Investment Pte Ltd	Singapore	50.0	50.0	Investment holding
Industeel Investment Pte Ltd (1)	Singapore	30.0	30.0	Investment holding
Infoclinic Pte Ltd (1)	Singapore	28.6	28.6	Provision of IT consultancy services
ISV Investment Pte Ltd*	Singapore	24.0	-	Investment and property investment
Kunya Plastic Co. (1)	People's Republic of China	30.0	30.0	Manufacture and sale of polyethylene bags and agriculture film
Marina Yacht Services Pte Ltd	Singapore	50.0	50.0	Boat repair and related services
Myanmar Soon Pacific Company Ltd (1)	Myanmar	27.1	27.1	Rental of heavy equipment
Myanmar Soon Pacific Trading Limited (1)	Myanmar	27.1	27.1	Sale of equipment in the construction industry
NatSteel Pomini Pte Ltd	Singapore	50.0	50.0	Dormant
NatSteel Wilmar Pte Ltd	Singapore	50.0	50.0	Investment holding
P T Taman Nongsa Indah Village (1)	Indonesia	30.0	30.0	Operating buildings for accommodation and recreational facilities
Note:	* Classified as subsidiary company in 1999			
	(1) Audited by other firms			
	(2) Audited by Ernst & Young			
	(3) Audited by KPMG			

# Notes to the Financial Statements

Name of Company	Country of incorporation and place of business	Percentage of equity held by the Group		Principal activities
		2000 %	1999 %	
<b>Associated companies Held by Subsidiaries (cont'd)</b>				
Phoenix Tower Ltd	Singapore	50.0	50.0	Property investment
Planergo Ltd	Hong Kong	23.8	23.8	Dormant
Planergo Pte Ltd	Singapore	23.8	23.8	Hotel investment
Point West London (1)	United Kingdom	23.3	23.3	Property investment
Priority Investments Pte Ltd (2)	Singapore	35.0	35.0	Investment holding
Pritekma Properties Sdn Bhd (2)	Malaysia	50.0	50.0	Property investment
Procure (Asia Pacific) Pte Ltd (2)	Singapore	-	30.0	Provision of computer consultancy services in various industries, especially to healthcare industry
Quality Mall Management (M) Sdn Bhd (3)	Malaysia	50.0	50.0	In liquidation
Quality Mall Management (S) Pte Ltd	Singapore	50.0	50.0	Property management
Runhorn Pretech Engineering Co. Ltd (formerly known as Runhong Engineering Co. Ltd.) (4)	Taiwan	36.0	40.0	Manufacturing of and trading in building materials
Shandong Dazhong Rubber Co. (2)	People's Republic of China	25.0	25.0	Manufacturing of rubber parts for motor vehicles
Shenzhen Paoway Industrial Co, Ltd (2)	People's Republic of China	15.5	15.5	Manufacturer of plastic products
Singapower Development Pte Ltd (2)	Singapore	35.0	35.0	Investment in power plants and related projects
Southern Rubber Works Sdn Bhd (5)	Malaysia	28.6	28.6	Processing and trading in rubber and general merchants

Note : (1) Audited by Ernst & Young  
(2) Audited by other firms  
(3) Audited by associated firms of PricewaterhouseCoopers, Singapore  
(4) Audited by KPMG  
(5) Audited by S. Thillamuthu & Co

# Notes to the Financial Statements

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Name of Company	Country of incorporation and place of business	Percentage of equity held by the Group		Principal activities
		2000 %	1999 %	
<b>Associated companies</b>		<b>2000</b>	<b>1999</b>	
<b>Held by Subsidiaries (cont'd)</b>		<b>%</b>	<b>%</b>	
Transtech Venture Management Pte Ltd (1)	Singapore	40.0	40.0	Venture capital fund management
Tropical Arch Sdn Bhd (2)	Malaysia	50.0	50.0	Investment holding
Unimar Marketing Pte Ltd	Singapore	30.0	30.0	Marketing and management services
Wira Centennial Sdn Bhd (3)	Malaysia	50.0	50.0	Property investment

Note : (1) Audited by KPMG  
 (2) Audited by other firms  
 (3) Audited by S. Thillamuthu & Co

# Analysis of Shareholdings

as at 9 April 2001

## AUTHORISED SHARE CAPITAL :-

S\$500,000,000 (comprising 1,000,000,000 Ordinary Shares of S\$0.50 each) and US\$190,000 (comprising 190,000 3% Redeemable Convertible Cumulative Preference Shares of US\$1.00 each)

## ISSUED AND FULLY PAID CAPITAL :-

S\$181,238,868.50 (Ordinary shares S\$0.50 each)

- A. CLASS OF SHARES :** Ordinary Shares of S\$0.50 each  
**VOTING RIGHTS :** One vote per share

Size of Holdings	Number of Shareholders	%	Number of Shares	%
1 - 1,000	3,575	22.75	3,256,434	0.90
1,001 - 10,000	10,019	63.75	42,133,859	11.62
10,001 - 1,000,000	2,102	13.37	83,499,289	23.04
1,000,001 and above	21	0.13	233,588,155	64.44
Total	15,717	100.00	362,477,737	100.00

## LOCATION OF SHAREHOLDERS

Location	Number of Shareholders	%	Number of Shares	%
Singapore	14,996	95.41	355,412,237	98.05
Malaysia	559	3.56	5,317,892	1.47
United Kingdom	7	0.04	35,562	0.01
Hong Kong	41	0.26	401,641	0.11
Europe	1	0.01	5,000	0.00
Australia/New Zealand	53	0.34	526,167	0.15
Others	60	0.38	779,238	0.21
	15,717	100.00	362,477,737	100.00

# Analysis of Shareholdings

as at 9 April 2001

## TOP TWENTY SHAREHOLDERS

S/No.	Name	Share Held	%
1.	DBS Nominees Pte Ltd	78,386,972	21.63
2.	Temasek Holdings (Private) Limited	29,300,000	8.08
3.	Citibank Nominees Singapore Pte Ltd	22,962,086	6.34
4.	Raffles Nominees (Pte) Limited	21,861,015	6.03
5.	HSBC (Singapore) Nominees Pte Ltd	20,437,202	5.64
6.	United Overseas Bank Nominees (Pte) Limited	11,158,549	3.08
7.	Oversea-Chinese Bank Nominees Private Limited	9,580,332	2.64
8.	Selat Pte Limited	7,517,812	2.07
9.	DB Nominees (S) Pte Ltd	6,131,000	1.69
10.	Phillip Securities Pte Ltd	3,874,750	1.07
11.	Overseas Union Bank Nominees (Private) Limited	3,521,000	0.97
12.	OCBC Securities Private Ltd	3,453,000	0.95
13.	PSA Corporation Limited	2,697,030	0.75
14.	Keppel Bank Nominees Pte Ltd	2,494,980	0.69
15.	NTUC Income Insurance Co-Operative Limited	2,175,000	0.60
16.	UOB Kay Hian Pte Ltd	1,531,677	0.42
17.	Shanwood Development Pte Ltd	1,500,000	0.41
18.	Ang Kong Hua	1,407,500	0.39
19.	Cheok Soo Yew	1,218,000	0.34
20.	Citibank Consumer Nominees Pte Ltd	1,196,250	0.33
		<b>232,404,155</b>	<b>64.12</b>

## SUBSTANTIAL SHAREHOLDERS

		Number of	
Temasek Holdings (Private) Limited @	85,902,945	23.70%	
The Development Bank of Singapore Ltd @	53,905,915	14.87%	
DBS Group Holdings Ltd *	53,905,915	14.87%	
MND Holdings (Private) Limited *	53,905,915	14.87%	

@ Total direct and deemed interest

\* Total deemed interest only

**B. CLASS OF SHARES :** 3% Redeemable Convertible Cumulative Preference Shares of US\$1.00 each.  
**VOTING RIGHTS :** Please see Article 5A of the Articles of Association

All 125,000 Redeemable Convertible Cumulative Preference Shares of US\$1.00 each were redeemed by the Company on 2 April 2001.

# Directors' Shareholdings

as at 21 January 2001

Name of Director of the Company	Ordinary Shares Registered in the Name of Director	Ordinary Shares in which Director is deemed to have an interest
CHAM Tao Soon	10,000	-
ANG Kong Hua	1,407,500	-
TAN I Tong	399,624	162,000
Eric ANG Teik Lim	-	21,647

Name of Director of the Company	Share Option*
ANG Kong Hua	2,250,000

\* Options granted pursuant to the NatSteel Ltd Share Option Scheme.

Name of Director of the Company	Interest held in the name of Director		Deemed interest of Director
	Option to subscribe for Individual Member Unsecured Notes 2020 Series A of S\$15,000 each issued by Raffles Marina Ltd	Individual Member Unsecured Notes 2020 Series A of S\$15,000 each issued by Raffles Marina Ltd	Corporate Member Unsecured Notes 2020 Series A of S\$25,000 each issued by Raffles Marina Ltd
CHAM Tao Soon	One	-	-
ANG Kong Hua	One	-	-
LIM Chee Onn	One	-	-
TAN I Tong	One	-	-
Oliver TAN Kok Kheng	One	-	-
TAN Tat Wai	One	-	-
THAI Chee Ken	-	One	-
Walter WOON Cheong Ming	-	One	-
Eric ANG Teik Lim	-	One	-

# Notice of Annual General Meeting

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**NOTICE IS HEREBY GIVEN** that the 41st Annual General Meeting of NatSteel Ltd (the "Company") will be held at The Conference Room, NatSteel Ltd, 22 Tanjong Kling Road, Singapore 628048 on Wednesday, 23 May 2001 at 2.00 pm for the following purposes :-

## ORDINARY BUSINESS

1. To receive and consider the Directors' Report and Audited Accounts for the year ended 31 December 2000 and the Auditors' Report thereon.
2. To re-elect Dr Cham Tao Soon who is retiring pursuant to Article 86 of the Articles of Association of the Company.
3. To re-elect Mr Eric Ang Teik Lim who is retiring pursuant to Article 86 of the Articles of Association of the Company.
4. To consider and, if thought fit, to pass the following resolution for the re-appointment of Mr Tan I Tong who, being over 70 years of age, retires pursuant to Section 153 of the Companies Act, Cap. 50 :-  
  
"That pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr Tan I Tong be and is hereby re-appointed a Director of the Company, to hold office until the next Annual General Meeting."
5. To approve Directors' fees of S\$441,000.00 for the year ended 31 December 2000. (S\$385,000.00 for the year ended 31 December 1999).
6. To re-appoint Messrs PricewaterhouseCoopers as Auditors and to authorise the Directors to fix their remuneration.

## SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolutions, with or without any modifications:-

7. That pursuant to Section 161 of the Companies Act, Cap.50 and the listing rules of the Singapore Exchange Securities Trading Limited, authority be and is hereby given to the Directors to issue shares in the Company (whether by way of rights, bonus or otherwise) 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 provided that the aggregate number of shares to be issued pursuant to this Resolution shall not exceed 50% of the issued share capital of the Company for the time being, of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company does not exceed 20% of the issued share capital of the Company for the time being, and, unless revoked or varied by the Company in general meeting, such authority 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.
8. That approval be and is hereby given to the Directors to allot and issue such number of ordinary shares in the capital of the Company as may be required to be issued under the NatSteel Ltd Executives' Share Option Scheme ("ESOS") pursuant to the exercise of options that had been granted in accordance with the ESOS.

# Notice of Annual General Meeting

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9. That Directors be and are hereby authorised to offer and grant options pursuant to the provisions of the NatSteel Ltd Share Option Scheme (the "Scheme") and to allot and issue from time to time such number of ordinary shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted under the Scheme, provided that the aggregate number of shares to be issued pursuant to the Scheme shall not exceed 15% of the issued ordinary share capital of the Company from time to time.
10. That approval be and is hereby given, for the purposes of Chapter 9A of the Listing Manual of the Singapore Exchange Securities Trading Limited, for the Company, its subsidiaries and target associated companies or any of them to enter into any of the transactions falling within the categories of Interested Person Transactions as described in the circular to Shareholders dated 7 May 1999 (the "Circular") with any party who falls within the classes of Mandated Interested Persons referred to in the Circular, provided that such transactions are carried out in the normal course of business, at arm's length basis and on normal commercial terms and in accordance with the guidelines of the Company for Interested Person Transactions as set out in the Circular.
11. To transact any other business of an Annual General Meeting.

## BY ORDER OF THE BOARD

### Lim Su-Ling

Company Secretary  
Singapore, 4 May 2001

### Notes :-

1. A member of the Company entitled to attend to vote at the above Meeting may appoint a proxy to attend and to vote on his behalf. Such proxy need not be a member of the Company.
2. 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 for holding the meeting.

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*Additional information relating to the Notice of the 41st Annual General Meeting*

### **Item 2 - Re-election of a director**

*Dr Cham Tao Soon is a member of the Company's Audit Committee. He is an independent Director.*

### **Items 8 and 9 - Authority to issue shares on exercise of share options**

*The ESOS was retired on 19 September 1998, at the end of its 10-year duration. The Scheme, which took effect on 20 September 1998, was approved at an extraordinary general meeting of the Company ("EGM") held on 27 May 1998, with the name "NatSteel Executive' Share Option Scheme 1998". At a subsequent EGM held on 17 April 2000, the Scheme was modified and renamed as the "NatSteel Ltd Share Option Scheme". The ordinary resolution in item 8 is to authorise the issue of shares upon the exercise of surviving options that were granted under the ESOS prior to its termination. The ordinary resolution in item 9 is to authorise the issue of shares upon the exercise of options granted or to be granted pursuant to the Scheme.*

### **Item 11 - Renewal of the mandate for interested person transactions**

*The general mandate for transactions with specified interested persons of the Company, which was approved at an extraordinary general meeting held on 26 May 1999, will be expiring at the upcoming 41st Annual General Meeting of the Company, and is being put forward for renewal for another year, up to the next Annual General Meeting.*

# Proxy Form

**IMPORTANT**

1. For investor who have used their CPF moneys to buy shares in the capital of NatSteel Ltd (the "Company"), this Annual Report is sent to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We \_\_\_\_\_

(Name)

of \_\_\_\_\_

(Address)

being a member/members of NSL, hereby appoint the Chairman of the Meeting (Notes 2 and 3)

Name	Address	NRIC/ Passport Number	No of Shares held	Proportion of Shareholdings (%)
and/or (delete as appropriate)				

As my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at The Conference Room, NatSteel Ltd, 22 Tanjong Kling Road, Singapore 628048 on Wednesday, 23 May 2001 at 2.00 pm and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the Resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting).

No	RESOLUTIONS	FOR	AGAINST
	<b>Ordinary Business</b>		
1.	Adoption of Directors' Report and Accounts		
2.	Re-election of Dr Cham Tao Soon as Director		
3.	Re-election of Mr Eric Ang Teik Lim as Director		
4.	Re-appointment of Mr Tan I Tong pursuant to Section 153(6) of the Companies Act, Chapter 50 of Singapore		
5.	Approval of Directors' fees		
6.	Re-appointment of Auditors and authorised the Directors to fix their remuneration		
	<b>Special Business</b>		
7.	Authority to issue shares pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore		
8.	Authority to allot and issue shares under the NatSteel Ltd Executives' Share Option Scheme ("ESOS") upon exercise of options under ESOS		
9.	Authority to grant options under the NatSteel Ltd Share Option Scheme (the "Scheme")		
10.	Approval of Interested person Transactions pursuant to Chapter 9A of the Listing Manual of the Singapore Exchange Securities Trading Limited		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2001.

**Total Number of Shares Held**

\_\_\_\_\_  
Signature(s) of Member(s) or Common Seal

IMPORTANT:- PLEASE READ NOTES OVERLEAF

**NOTES:-**

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. A member of NatSteel Ltd (the "Company") entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote on his behalf. Such proxy need not be a member of the Company. If any other proxy is to be appointed, please strike out "Chairman of the Meeting" and insert the name(s) and particulars of the proxy or proxies to be appointed in the box provided.
3. If the Chairman of the Meeting is appointed as proxy, this instrument appointing a proxy or proxies shall be deemed to confer on him the right to nominate a person to vote on his behalf on a show of hands.
4. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
5. The instrument appointing a proxy or proxies 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 Annual General Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of a director or an officer or attorney duly authorised.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with section 179 of the Companies Act, Chapter 50 of Singapore.
8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.



**NatSteel Ltd**

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