



NSL LTD
(formerly known as NATSTEEL Ltd)
(Incorporated in Singapore)
Company Registration Number 196100107C

Registered Office: 77 Robinson Road #27-00, Robinson 77, Singapore 068896

29 March 2011

To: The Shareholders of NSL LTD
(**"Shareholders"**)

Dear Sir / Madam

NOTICE OF 51ST ANNUAL GENERAL MEETING

1. INTRODUCTION

We refer to Resolution 10 of the Notice of 51st Annual General Meeting of the Company ("**51st AGM**"). Resolution 10 is an Ordinary Resolution ("**Resolution 10**") which will be proposed at the 51st AGM for the renewal of the Company's share purchase mandate (the "**Share Purchase Mandate**"). The purpose of this letter is to provide Shareholders with information relating to Resolution 10.

2. THE RENEWAL OF THE SHARE PURCHASE MANDATE

2.1 Background. Shareholders had approved the grant of the Share Purchase Mandate at the annual general meeting of the Company held on 21 April 2010 (the "**2010 AGM**"). The authority and limitations of the Share Purchase Mandate were set out in the Company's letter to Shareholders dated 29 March 2010 and the ordinary resolution relating to the adoption of the Share Purchase Mandate in the notice of the 2010 AGM. The authority contained in the Share Purchase Mandate was expressed to continue in force until the next Annual General Meeting of the Company and, as such, would be expiring on 20 April 2011, being the date of the forthcoming 51st AGM.

Although the Company has not undertaken any purchases or acquisitions of its ordinary shares ("**Shares**") in its issued share capital pursuant to the authority conferred by the Share Purchase Mandate approved by Shareholders at the 2010 AGM, it is proposed nonetheless that such authority be renewed. Accordingly, the proposal for the renewal of the Share Purchase Mandate will be tabled for Shareholders' approval at the 51st AGM as Resolution 10.

2.2 Rationale for the Share Purchase Mandate. The Share Purchase Mandate will give the Company the flexibility to undertake purchases or acquisitions of its Shares at any time, subject to market conditions, during the period that the Share Purchase Mandate is in force. Share purchases or acquisitions allow the Company greater flexibility over its share capital structure with a view to improving, *inter alia*, its return on equity. The Shares which are purchased or acquired may be held as treasury shares which may be used for prescribed purposes such as selling treasury shares for cash, transferring them as consideration for the acquisition of assets or transferring them pursuant to an employees' share scheme. The use of treasury shares in lieu of issuing new Shares would also mitigate the dilution impact on Shareholders.

It should be noted that the purchase or acquisition of Shares pursuant to the Share Purchase Mandate will only be undertaken if it can benefit the Company and Shareholders. No purchase or acquisition of Shares will be made in circumstances which would or might have a material adverse effect on the financial position of the Company and its subsidiaries (collectively, the “**Group**”) and/or affect the listing status of the Company on Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

2.3 Authority and limits of the Share Purchase Mandate. Any purchase or acquisition by the Company of its Shares has to be made in accordance with, and in the manner prescribed by, the Companies Act, Cap. 50 of Singapore (the “**Companies Act**”), the Listing Manual of SGX-ST (“**Listing Manual**”) and such other laws and regulations as may, for the time being, be applicable. The authority and limits placed on the Share Purchase Mandate for which renewal is sought are summarised below.

(a) ***Maximum number of Shares***

The total number of Shares which may be purchased or acquired by the Company pursuant to the Share Purchase Mandate is limited to that number of issued Shares representing not more than 10% of the issued Shares (excluding treasury shares) as at the date on which the renewal of the Share Purchase Mandate is approved, being the date of the 51st AGM. Under the Companies Act, any Shares which are held as treasury shares shall be disregarded for the purposes of computing the 10% limit. As at 16 March 2011 (the “**Latest Practicable Date**”), no Shares were held as treasury shares. Purely for illustrative purposes, on the basis of 373,558,237 issued Shares as at the Latest Practicable Date and assuming that (i) no further Shares are issued, and (ii) no Shares are held as treasury shares, not more than 37,355,823 Shares (representing 10% of the issued Shares as at that date) may be purchased or acquired by the Company pursuant to the Share Purchase Mandate.

However, as stated in Paragraph 2.2 above and Paragraph 2.9 below, purchases or acquisitions pursuant to the Share Purchase Mandate need not be carried out to the full extent mandated, and, in any case, would not be carried out to such an extent that would result in the Company being delisted from the SGX-ST. **Thus, notwithstanding that the Share Purchase Mandate may enable purchases or acquisitions of up to 10% of the issued Shares (excluding treasury shares) to be carried out, it should be noted that in order to maintain the listing status of the Shares on the SGX-ST, the Company must ensure (pursuant to Rule 723 of the Listing Manual) that there is at all times a public float of not less than 10% in the issued Shares.** Accordingly, assuming solely for illustrative purposes that 70,073,784 Shares (or approximately 18.76% of the issued Shares (excluding treasury shares)) are held in public hands as at the Latest Practicable Date, in order to preserve the listing status of the Shares on the SGX-ST by maintaining a public float of not less than 10% in the issued Shares (excluding treasury shares), the Company would not purchase or acquire more than 29,884,658 Shares (or 8% of the issued Shares (excluding treasury shares) as at that date) pursuant to the Share Purchase Mandate. The public float in the issued Shares as at the Latest Practicable Date is disclosed in Paragraph 2.9 below.

(b) ***Duration of authority***

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the 51st AGM, at which the Share Purchase Mandate is approved, up to:

- (i) the date (being a date after the 51st AGM) on which the next Annual General Meeting of the Company is held or required by law to be held;
- (ii) the date (being a date after the 51st AGM) on which the authority conferred by the Share Purchase Mandate is revoked or varied; or

- (iii) the date (being a date after the 51st AGM) on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated,

whichever is the earliest.

(c) **Manner of purchase or acquisition of Shares**

Purchases or acquisitions of Shares may be made by way of:

- (i) market purchases (“**Market Purchases**”); and/or
- (ii) off-market purchases (“**Off-Market Purchases**”).

Market Purchases refer to purchases or acquisitions of Shares by the Company effected on the SGX-ST or, as the case may be, other stock exchange for the time being on which the Shares may be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose.

Off-Market Purchases refer to purchases or acquisitions of Shares by the Company made under an equal access scheme or schemes for the purchase or acquisition of Shares from Shareholders. The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual and the Companies Act as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. Under the Companies Act, an Off-Market Purchase must, however, satisfy all the following conditions:

- (1) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (2) all of those persons shall be given a reasonable opportunity to accept the offers made; and
- (3) the terms of all the offers shall be the same, except that there shall be disregarded:
 - (aa) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements; and
 - (bb) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

Additionally, the Listing Manual provides that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which must contain, *inter alia*:

- (A) the terms and conditions of the offer;
- (B) the period and procedures for acceptances;
- (C) the reasons for the proposed Share purchases;
- (D) the consequences, if any, of Share purchases by the Company that will arise under the Singapore Code on Take-overs and Mergers (the “**Take-over Code**”) or other applicable takeover rules;
- (E) whether the Share purchases, if made, would have any effect on the listing of the Shares on the SGX-ST; and

- (F) details of any Share purchases made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases.

(d) **Purchase price**

The purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors. However, the maximum purchase price (the “**Maximum Price**”) to be paid for the Shares as determined by the Directors must not exceed:

- (i) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and
- (ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price of the Shares,
- in either case, excluding related expenses of the purchase or acquisition.

For the above purposes:

“**Average Closing Price**” means the average of the closing market prices of a Share over the last 5 market days on which the Shares were transacted on the SGX-ST or such other stock exchange on which the Shares are listed and quoted, immediately preceding the date of the Market Purchase, or as the case may be, the date of the making of the offer pursuant to an Off-Market Purchase, as deemed to be adjusted for any corporate action that occurs after the relevant five-day period;

“**date of the making of the offer**” means the date on which the Company makes an offer for the purchase or acquisition of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

“**market day**” means a day on which the SGX-ST is open for trading in securities.

2.4 Status of purchased or acquired Shares. Under current law, the Shares purchased or acquired by the Company shall be deemed cancelled immediately on purchase or acquisition, and all rights and privileges attached to those Shares will expire on cancellation, unless such Shares are held by the Company as treasury shares. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company which are cancelled and are not held as treasury shares.

2.5 Treasury shares. Under the Companies Act, the Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below.

(a) **Maximum holdings**

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.

(b) ***Voting and other rights***

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights. In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. A subdivision or consolidation of any treasury share into treasury shares of a smaller amount is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(c) ***Disposal and cancellation***

Where Shares are held as treasury shares, the Company may at any time but subject always to the Take-over Code:

- (i) sell the treasury shares for cash;
- (ii) transfer the treasury shares for the purposes of or pursuant to an employees' share scheme;
- (iii) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (iv) cancel the treasury shares; or
- (v) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

Under the Listing Manual, immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the "**usage**"). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of treasury shares of the usage, the number of treasury shares before and after the usage, and the percentage of the number of treasury shares of the usage against the total number of issued shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after the usage.

2.6 Source of funds. In purchasing or acquiring Shares pursuant to the Share Purchase Mandate, the Company may only apply funds legally available for such purchase or acquisition in accordance with the Company's Articles of Association and applicable laws. Under the Companies Act, any payment made by the Company in consideration of the purchase or acquisition of its Shares may be made out of the Company's capital and/or profits. The Company intends to use internal sources of funds, external borrowings, or a combination of internal resources and external borrowings, to finance purchases or acquisitions of its Shares. The Directors do not propose to exercise the Share Purchase Mandate to such extent that it would materially affect the working capital requirements, financial flexibility or investment ability of the Group.

2.7 Financial effects. The financial effects on the Group and the Company arising from purchases or acquisitions of Shares which may be made pursuant to the Share Purchase Mandate will depend on, *inter alia*, whether the Shares are purchased or acquired out of capital and/or profits of the Company, the aggregate number of Shares purchased or acquired, and the consideration paid at the relevant time. The financial effects on the Group and the Company based on the audited financial statements of the Group and the Company for the financial year ended 31 December 2010 are based on the assumptions set out below.

(a) Purchase or acquisition out of capital and/or profits

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital and/or profits so long as the Company is solvent. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (excluding brokerage, commission, applicable goods and services tax and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

(b) Maximum Price paid for Shares acquired or purchased

Based on 373,558,237 issued Shares (excluding any Shares held as treasury shares) as at the Latest Practicable Date, and a public float of approximately 18.76% in the issued Shares as at that date, the exercise of the Share Purchase Mandate, on the Latest Practicable Date, up to an extent that would not affect adversely the listing status of the Shares on the SGX-ST, might result in the purchase or acquisition by the Company of 29,884,658 Shares representing 8% of such issued Shares (instead of a purchase or acquisition of 37,355,823 Shares, representing 10% of the issued Shares (excluding treasury shares)). Assuming that the Company purchases or acquires the 29,884,658 Shares at the Maximum Price, the maximum amount of funds required is approximately:

- (i) in the case of Market Purchases of Shares, \$45.0 million based on \$1.5057 for each Share (being the price equivalent to 105% of the Average Closing Price of the Shares traded on the SGX-ST for the five consecutive market days immediately preceding the Latest Practicable Date); and
- (ii) in the case of Off-Market Purchases of Shares, \$51.4 million based on \$1.7208 for each Share (being the price equivalent to 120% of the Average Closing Price of the Shares traded on the SGX-ST for the five consecutive market days immediately preceding the Latest Practicable Date).

For illustrative purposes only, on the basis of the assumptions set out above as well as the following:

- (1) the Share Purchase Mandate had been effective on 1 January 2010;
- (2) the purchase of Shares took place at the beginning of the financial year on 1 January 2010; and
- (3) the Share purchases were funded entirely by internal resources,

the financial effects on the audited financial statements of the Group and the Company for the financial year ended 31 December 2010 would have been as set out below.

MARKET PURCHASE ⁽¹⁾

As At 31 December 2010	GROUP		COMPANY	
	Before Share Purchase \$'000	After Share Purchase \$'000	Before Share Purchase \$'000	After Share Purchase \$'000
Share Capital	193,839	193,839	193,839	193,839
Treasury Shares	-	(44,997)	-	(44,997)
Fair Value and Revaluation Reserves	31,685	31,685	6,561	6,561
Foreign Currency Translation Reserve	(16,699)	(16,699)	-	-
Revenue Reserve	318,188	318,080	69,704	69,596
Other Reserves	300	300	-	-
Equity Attributable to Equity Holders of the Company	527,313	482,208	270,104	224,999
Non-controlling Interests	14,245	14,245	-	-
Total Equity	541,558	496,453	270,104	224,999
Current Assets	280,155	235,050	93,139	48,034
Current Liabilities	92,352	92,352	32,640	32,640
Borrowings	27,785	27,785	-	-
Cash and Cash Equivalents	145,284	100,179	54,944	9,839
NTA ⁽²⁾	517,623	472,518	270,104	224,999
Net Profit after Tax	57,963	57,855	24,684	24,576
Profit attributable to Equity Holders of the Company	56,053	55,945	24,684	24,576
Number of Shares ('000) ⁽³⁾	373,558	343,674	373,558	343,674
Financial Ratios				
NTA per Share (cents) ⁽³⁾	139	137	72	65
Gearing (%) ⁽⁴⁾ (Net D/E)	-	-	-	-
Current Ratio (times) ⁽⁵⁾	3.0	2.5	2.9	1.5
EPS (cents) ⁽³⁾	15.0	16.3	6.6	7.2

OFF-MARKET PURCHASE ⁽¹⁾

As At 31 December 2010	GROUP		COMPANY	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
	\$'000	\$'000	\$'000	\$'000
Share Capital	193,839	193,839	193,839	193,839
Treasury Shares	-	(51,426)	-	(51,426)
Fair Value and Revaluation Reserves	31,685	31,685	6,561	6,561
Foreign Currency Translation Reserve	(16,699)	(16,699)	-	-
Revenue Reserve	318,188	318,064	69,704	69,580
Other Reserves	300	300	-	-
Equity Attributable to Equity Holders of the Company	527,313	475,763	270,104	218,554
Non-controlling Interests	14,245	14,245	-	-
Total Equity	541,558	490,008	270,104	218,554
Current Assets	280,155	228,605	93,139	41,589
Current Liabilities	92,352	92,352	32,640	32,640
Borrowings	27,785	27,785	-	-
Cash and Cash Equivalents	145,284	93,734	54,944	3,394
NTA ⁽²⁾	517,623	466,073	270,104	218,554
Net Profit after Tax	57,963	57,839	24,684	24,560
Profit attributable to Equity Holders of the Company	56,053	55,929	24,684	24,560
Number of Shares ('000) ⁽³⁾	373,558	343,674	373,558	343,674
Financial Ratios				
NTA per Share (cents) ⁽³⁾	139	136	72	64
Gearing (%) ⁽⁴⁾ (Net D/E)	-	-	-	-
Current Ratio (times) ⁽⁵⁾	3.0	2.5	2.9	1.3
EPS (cents) ⁽³⁾	15.0	16.3	6.6	7.1

Notes to the above tables:

- (1) The disclosed financial effects remain the same irrespective of whether:
 - (a) the purchase of the Shares is effected out of capital or profits; or
 - (b) the purchased Shares are held in treasury or are cancelled.
- (2) NTA equals to Total Equity less Intangible Assets and Non-controlling Interests.
- (3) Exclude 29,884,658 Shares that are held as treasury shares.
- (4) Gearing is defined as Borrowings (net of cash) divided by Equity Attributable to Equity Holders of the Company.
- (5) Current Ratio equals Current Assets divided by Current Liabilities.

SHAREHOLDERS SHOULD NOTE THAT THE FOREGOING FINANCIAL EFFECTS ARE BASED ON THE AUDITED FINANCIAL STATEMENTS OF THE GROUP AND THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010 AND ARE FOR ILLUSTRATION ONLY. THE RESULTS OF THE GROUP AND THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010 MAY NOT BE REPRESENTATIVE OF FUTURE PERFORMANCE.

It should be noted that although the Share Purchase Mandate would authorise the Company to purchase or acquire up to 8% of the issued Shares (being an extent that would not affect adversely the listing status of the Shares on the SGX-ST), the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 8% of the issued Shares. In addition, the Company may cancel or hold in treasury all or part of the Shares purchased or acquired. The Company will take into account both financial and non-financial factors (for example, stock market conditions and the performance of the Shares) in assessing the relative impact of a share purchase before execution.

2.8 Taxation. Shareholders who are in doubt as to their respective tax positions or any tax implications, or who may be subject to tax in a jurisdiction outside Singapore, should consult their own professional advisers.

2.9 Listing status of the Shares. The Listing Manual requires a listed company to ensure that at least 10% of the total number of its issued shares (excluding treasury shares, preference shares and convertible equity securities) in a class that is listed is held by public shareholders at all times. As at the Latest Practicable Date, approximately 18.76% of the issued Shares are held by public shareholders. The Company is of the view that as of that date, the number of Shares held in public hands would permit the Company to potentially undertake purchases of its Shares through Market Purchases pursuant to the Share Purchase Mandate *provided that* the purchases (if carried out) are not made to such an extent as would affect adversely the listing status of the Shares on the SGX-ST. The Company will consider investor interests when maintaining a liquid market in its securities, and will ensure that there is a sufficient float for an orderly market in its securities when purchasing its Shares.

2.10 Listing rules. The Listing Manual restricts a listed company from purchasing shares by way of market purchases at a price per share which is more than 5% above the “average closing price”, being the average of the closing market prices of the shares over the last five market days on which transactions in the shares were recorded, before the day on which the purchases were made, as deemed to be adjusted for any corporate action that occurs after the relevant five-day period. The Maximum Price for a Share in relation to Market Purchases referred to in Paragraph 2.3 above complies with this requirement. Although the Listing Manual does not prescribe a maximum price in relation to purchases of shares by way of off-market purchases, the Company has set a cap of 20% above the average closing price of a Share as the Maximum Price for a Share to be purchased or acquired by way of an Off-Market Purchase.

While the Listing Manual does not expressly prohibit any purchase or acquisition of shares by a listed company during any particular time or times, because the listed company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Purchase Mandate at any time after any matter or development of a price sensitive nature has occurred or has been the subject of consideration and/or a decision of the Board until such price sensitive information has been publicly announced. In particular, in line with the Company’s internal guide on securities dealings, the Company will not purchase or acquire any Shares through Market Purchases during the two weeks immediately preceding, and up to the time of the announcement of, the Company’s results for each of the first three quarters of its financial year and during the one month preceding, and up to the time of announcement of, the Company’s results for the full financial year.

2.11 Reporting requirements. The Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (a) in the case of a market purchase, on the market day following the day of purchase or acquisition of any of its shares, and (b) in the case of an off-market purchase under an equal access scheme, on the second market day after the close of acceptances of the offer. Such announcement (which must be in the form prescribed by the Listing Manual) must include details of the date of the purchase, the total number of shares purchased, the purchase price per share or the highest and lowest prices paid for such shares, as applicable, and the total consideration (including stamp duties and clearing charges) paid or payable for the shares.

2.12 Take-over implications. Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

(a) *Obligation to make a take-over offer*

If, as a result of any purchase or acquisition by the Company of its Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or a group of Shareholders acting in concert with a Director could obtain or consolidate effective control of the Company and become obliged to make an offer under Rule 14 of the Take-over Code.

(b) *Persons acting in concert*

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company. Unless the contrary is established, the Take-over Code presumes, *inter alia*, the following individuals and companies to be persons acting in concert with each other:

- (i) the following companies:
 - (a) a company;
 - (b) the parent company of (a);
 - (c) the subsidiaries of (a);
 - (d) the fellow subsidiaries of (a);
 - (e) the associated companies of any of (a), (b), (c) or (d); and
 - (f) companies whose associated companies include any of (a), (b), (c), (d) or (e);
 - (g) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights; and
- (ii) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts).

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

(c) ***Effect of Rule 14 and Appendix 2***

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or in the event that such Directors and their concert parties hold between 30% and 50% of the Company's voting rights, if the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six months. In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

The interests of the Directors and Substantial Shareholders as at the Latest Practicable Date are disclosed in Paragraph 3 below. As at the Latest Practicable Date, 98 Holdings Pte. Ltd. ("**98 Holdings**") is interested in 303,484,453 Shares, representing approximately 81.24% of the issued Shares. As at that date, Mr Ban Song Long and Mr David Fu Kuo Chen, each a Director, are also directors of 98 Holdings. Neither they nor the other Directors have any shareholding interests (direct or indirect) in 98 Holdings. Under the Take-over Code, unless the contrary is established, the Directors who are also directors of 98 Holdings, would be presumed to be persons acting in concert with 98 Holdings. As 98 Holdings and the Directors presumed to be acting in concert with it collectively already hold more than 50% of the issued Shares, purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate will not result in the Directors (or any of them) and/or 98 Holdings, including persons acting in concert with it and/or them, incurring an obligation to make a mandatory take-over offer under Rule 14 read with R14-Appendix.

Save as disclosed above, the Directors are not aware of any facts or factors which suggest or imply that any particular person(s) and/or Shareholder(s) are, or may be regarded as parties acting in concert such that their respective interests in issued voting shares in the capital of the Company should or ought to be consolidated, and consequences under the Take-over Code would ensue as a result of a purchase of Shares by the Company pursuant to the Share Purchase Mandate.

SHAREHOLDERS WHO ARE IN DOUBT AS TO THEIR OBLIGATIONS, IF ANY, TO MAKE A MANDATORY TAKE-OVER OFFER UNDER THE TAKE-OVER CODE AS A RESULT OF ANY PURCHASE OR ACQUISITION OF SHARES BY THE COMPANY SHOULD CONSULT THE SECURITIES INDUSTRY COUNCIL AND/OR THEIR PROFESSIONAL ADVISERS AT THE EARLIEST OPPORTUNITY.

3. DISCLOSURE OF INTERESTS

- 3.1 Interests of Directors and substantial shareholders.** The interests of the Directors and substantial shareholders of the Company in the share capital of the Company can be found on page 20 and page 114 of the Company's Annual Report 2010.
- 3.2 General.** Save as disclosed in Paragraph 2.12(c) and in Paragraph 3.1 above, none of the Directors or (to the knowledge of the Directors) the substantial shareholders of the Company, has any interest, direct or indirect, in Resolution 10, being the Ordinary Resolution relating the proposed renewal of the Share Purchase Mandate, to be tabled at the forthcoming 51st AGM.

4. DIRECTORS' RECOMMENDATION

The Directors are of the view, for the reasons set out in Paragraph 2.2 above, that the renewal of the Share Purchase Mandate is in the interests of the Company. They accordingly recommend that Shareholders vote in favour of Resolution 10, being the Ordinary Resolution relating the proposed renewal of the Share Purchase Mandate, to be tabled at the forthcoming 51st AGM.

5. RESPONSIBILITY STATEMENT

- 5.1 Directors' responsibility.** The Directors collectively and individually accept responsibility for the accuracy of the information given in this letter and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and opinions expressed in this letter are fair and accurate in all material respects as at the Latest Practicable Date and that there are no material facts the omission of which would make any statement in this letter misleading. Where information has been extracted and/or reproduced from published and publicly available sources, the sole responsibility of the Directors has been to ensure that such information is accurately reproduced in this letter.
- 5.2 Disclaimer.** The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed in this letter. Shareholders who are in any doubt as to the action they should take, should consult their stockbrokers or other professional advisers immediately.

Yours faithfully
for and on behalf of
the Board of Directors of
NSL LTD



Prof Cham Tao Soon
Chairman