

OFFER DOCUMENT DATED 12 JUNE 2006

THIS OFFER DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt about the Offer (as defined herein) or the action you should take, you should consult your stockbroker, bank manager, solicitor or other professional adviser immediately. PrimePartners Corporate Finance Pte. Ltd. (“**PPCF**”) is acting for and on behalf of Oei Hong Leong Foundation Pte. Ltd. (formerly known as Chip Lian Investments Pte. Ltd.) (the “**Offeror**”) and does not purport to advise the shareholders of NatSteel Ltd (“**NatSteel**”).

The views of the independent directors of NatSteel and the independent financial adviser to the independent directors of NatSteel on the Offer will be made available to you in due course. You should consider their views before taking any decision on the Offer.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Offer Document.

If you have sold or transferred all your issued and fully paid-up ordinary shares in the capital of NatSteel (“**Shares**”) held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Offer Document and the accompanying Form of Acceptance and Authorisation (“**FAA**”) to the purchaser or transferee as arrangements will be made by CDP for a separate Offer Document and FAA to be sent to the purchaser or the transferee. If you have sold or transferred all your Shares which are not deposited with CDP, you should immediately hand this Offer Document and the accompanying Form of Acceptance and Transfer to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

MANDATORY CONDITIONAL CASH OFFER

by



PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.

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

for and on behalf of

OEI HONG LEONG FOUNDATION PTE. LTD.

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

to acquire all the issued ordinary shares in the capital of

NATSTEEL LTD

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

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

Acceptances should be received by 3.30 p.m. on 10 July 2006 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

The procedures for acceptance are set out in Appendix 1 to this Offer Document.

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DEFINITIONS

Except where the context otherwise requires, the following definitions apply throughout this Offer Document, the Form of Acceptance and Authorisation and the Form of Acceptance and Transfer:

<i>“Act” or “Companies Act”</i>	:	The Companies Act, Chapter 50 of Singapore
<i>“Announcement”</i>	:	Announcement dated 26 May 2006 released by PPCF, for and on behalf of the Offeror, in connection with the Offer
<i>“Announcement Date”</i>	:	26 May 2006, being the date of the Announcement
<i>“CDP”</i>	:	The Central Depository (Pte) Limited
<i>“Chip Lian”</i>	:	Chip Lian Private Limited, the parent company of the Offeror which holds 100% of the Offeror
<i>“Closing Date”</i>	:	3.30 p.m. on 10 July 2006 or such later date(s) as may be announced from time to time by or on behalf of the Offeror, being the last day for the lodgement of acceptances of the Offer
<i>“Code”</i>	:	The Singapore Code on Take-overs and Mergers
<i>“Concert Parties”</i>	:	Parties acting in concert with the Offeror in connection with the Offer
<i>“Despatch Date”</i>	:	12 June 2006, being the date of despatch of this Offer Document
<i>“Directors”</i>	:	Directors of the Offeror as at the Latest Practicable Date
<i>“EPS”</i>	:	Earnings per share
<i>“FAA”</i>	:	Form of Acceptance and Authorisation, which forms part of this Offer Document and which is issued to Shareholders whose Shares are deposited with CDP
<i>“FAT”</i>	:	Form of Acceptance and Transfer, which forms part of this Offer Document and which is issued to Shareholders whose Shares are not deposited with CDP
<i>“FY”</i>	:	Financial year ended 31 December
<i>“Latest Practicable Date”</i>	:	6 June 2006, being the latest practicable date prior to the printing of this Offer Document
<i>“Listing Manual”</i>	:	The Listing Manual of the SGX-ST
<i>“Market Day”</i>	:	A day on which the SGX-ST is open for trading of securities
<i>“NatSteel”</i>	:	NatSteel Ltd
<i>“NatSteel Group”</i>	:	NatSteel and its subsidiaries
<i>“NAV”</i>	:	Net asset value
<i>“NTA”</i>	:	Net tangible assets

“Offer”	:	The mandatory conditional cash offer by PPCF, for and on behalf of the Offeror, to acquire the Offer Shares on the terms and subject to the conditions set out in this Offer Document, the FAA and the FAT
“Offer Document”	:	This document and any other document which may be issued for and on behalf of the Offeror to amend, revise, supplement or update this document from time to time
“Offer Price”	:	S\$1.30 in cash for each Offer Share
“Offer Shares”	:	Issued Shares to which the Offer relates, as more particularly described in Sections 2.1 and 2.2 of this Offer Document
“Offeror”	:	Oei Hong Leong Foundation Pte. Ltd. (formerly known as Chip Lian Investments Pte. Ltd.)
“Option Scheme”	:	The NatSteel Ltd Share Option Scheme
“Options”	:	Outstanding options (if any) to subscribe for new Shares granted pursuant to the Option Scheme
“PPCF”	:	PrimePartners Corporate Finance Pte. Ltd.
“Sanion”	:	Sanion Enterprises Limited, a company which is 100% owned by Mr Oei Hong Leong
“Securities Account”	:	A securities account maintained by a Depositor with CDP but does not include a securities sub-account
“SGX-ST”	:	The Singapore Exchange Securities Trading Limited
“Shareholders”	:	Holders of the Offer Shares, including persons whose Offer Shares are deposited with CDP or who have purchased the Offer Shares on the SGX-ST
“Shares”	:	Ordinary shares in the capital of NatSteel
“SIC”	:	The Securities Industry Council of Singapore
“\$” or “S\$” and “cents”	:	Singapore dollars and cents, respectively
“%” or “per cent.”	:	Per centum or percentage

The term “**Depositor**” shall have the meaning ascribed to it in Section 130A of the Act.

The term “**related corporation**” shall have the meaning ascribed to it in Section 6 of the Act.

The term “**acting in concert**” shall have the meaning ascribed to it in the Code.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall, where applicable, include corporations.

References to “**Offer Document**” shall include the FAA and the FAT.

References to the making of an announcement or the giving of notice by the Offeror shall include the release of an announcement by PPCF or advertising agents, for and on behalf of the Offeror, to the press or the delivery of or transmission by telephone, telex, facsimile, SGXNET or otherwise of an announcement to the SGX-ST. An announcement made otherwise than to the SGX-ST shall be notified simultaneously to the SGX-ST.

Any reference in this Offer Document to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act, the Listing Manual or the Code or any modification thereof and used in this Offer Document shall, where applicable, have the meaning assigned to it under the Act, the Listing Manual or the Code or any modification thereof, as the case may be, unless the context otherwise requires.

Any reference to a time of the day and date in this Offer Document shall be a reference to Singapore time and date respectively, unless otherwise stated.

Any discrepancies in figures included in this Offer Document between amounts shown and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Offer Document may not be an arithmetic aggregation of the figures that precede them.

References in this Offer Document to the total number of Shares in issue in the capital of NatSteel are based on the 373,558,237 Shares in issue as at the Latest Practicable Date (based on a search conducted at the Accounting and Corporate Regulatory Authority of Singapore), unless otherwise stated.

PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.

(Company Registration No. 200207389D)
(Incorporated in the Republic of Singapore)
1 Raffles Place #30-03 OUB Centre
Singapore 048616

12 June 2006

To: **The Shareholders of NatSteel Ltd**

Dear Sir/Madam

MANDATORY CONDITIONAL CASH OFFER BY PPCF FOR AND ON BEHALF OF THE OFFEROR FOR THE OFFER SHARES

1. INTRODUCTION

1.1 **Announcement.** On 26 May 2006, PPCF, for and on behalf of the Offeror, announced that on 26 May 2006, the Offeror acquired an aggregate of 58,000 Shares, representing approximately 0.0155% of the total number of Shares in issue in the capital of NatSteel (the "**Acquisition**"). As a consequence of the Acquisition, the Offeror and Sanion owned or controlled an aggregate of 112,124,000 Shares, representing approximately 30.0151% of the total number of Shares in issue.

A copy of the Announcement is available on the website of the SGX-ST at www.sgx.com.

1.2 **Mandatory Offer.** The Offeror is hereby making the Offer to comply with Rule 14.1(a) of the Code following the Acquisition.

1.3 **Offer Document.** This Offer Document contains the formal Offer by PPCF, for and on behalf of the Offeror, to acquire all the Offer Shares.

2. THE OFFER

2.1 **Offer Terms.** For and on behalf of the Offeror, PPCF hereby offers to acquire all the issued Shares, other than those already owned, controlled or agreed to be acquired by the Offeror and Sanion (the "**Offer Shares**") on the terms and subject to the conditions set out in this Offer Document, the FAA and the FAT, and on the following basis:-

FOR EACH OFFER SHARE : S\$1.30 IN CASH.

2.2 **Offer Shares.** The Offer is extended, on the same terms and conditions, to:-

- (a) all new Shares unconditionally issued or to be issued pursuant to the valid exercise prior to the close of the Offer of any Options which, subject to compliance with Rule 5 of the Code, are granted under the Option Scheme prior to the close of the Offer, in accordance with Rule 19 of the Code; and
- (b) all the issued Shares owned, controlled or agreed to be acquired by the Concert Parties of the Offeror (other than Sanion).

For the purposes of the Offer, the expression "**Offer Shares**" shall include the aforesaid Shares.

- 2.3 **No Encumbrances.** The Offer Shares are to be acquired fully paid and free from all claims, charges, equities, liens, pledges and other encumbrances and together with all rights, benefits, entitlements and advantages attached thereto as at the Announcement Date and thereafter attaching thereto, including the right to all dividends, rights and other distributions (if any) declared, made or paid thereon on or after the Announcement Date.

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

- (a) if the settlement date in respect of the Offer Shares accepted pursuant to the Offer falls on or before the books closure date for the determination of entitlements to the NatSteel Dividend ("**Books Closure Date**"), the Offeror will pay the relevant accepting Shareholders the Offer Price of S\$1.30 in cash for each Offer Share, as the Offeror will receive the NatSteel Dividend in respect of those Offer Shares from NatSteel; and
- (b) if the settlement date in respect of the Offer Shares accepted pursuant to the Offer falls after the Books Closure Date, the net amount of the NatSteel Dividend in respect of such Offer Shares will be deducted from the Offer Price payable for such Offer Shares, as the Offeror will not receive the NatSteel Dividend in respect of those Offer Shares from NatSteel.

- 2.4 **Condition of the Offer.** The Offer is conditional upon the Offeror having received, by the close of the Offer, valid acceptances in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and its Concert Parties (either before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror and its Concert Parties holding such number of Shares carrying more than 50% of the voting rights attributable to the issued Shares in the capital of NatSteel as at the close of the Offer (including any voting rights attributable to Shares unconditionally issued or to be issued pursuant to the valid exercise of any outstanding Options prior to the close of the Offer).

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

The Offer is unconditional in all other respects.

- 2.5 **Options.** As at 2 June 2006, based on information provided by NatSteel, there are no outstanding Options which have been granted by NatSteel.

2.6 **Warranty.** Acceptance of the Offer will be deemed to constitute an unconditional and irrevocable warranty by the accepting Shareholder that each Offer Share in respect of which the Offer is accepted is sold by the accepting Shareholder, as or on behalf of the beneficial owner, fully paid and free from all claims, charges, equities, liens, pledges and other encumbrances and together with all rights, benefits, entitlements and advantages attached thereto as at the Announcement Date and thereafter attaching thereto, including the right to all dividends, rights and other distributions (if any) declared, made or paid thereon on or after the Announcement Date.

2.7 **Duration**

(a) **First Closing Date.** Except insofar as the Offer may be withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder, the Offer will be open for acceptance by Shareholders for at least 28 days from the Despatch Date.

Accordingly, the Offer will close at 3.30 p.m. on 10 July 2006 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

(b) **Subsequent Closing Date(s).** If the Offer is extended:-

(i) and is not unconditional as to acceptances as of the date of such extension, the announcement of the extension must state the next Closing Date;

(ii) and is unconditional as to acceptances as of the date of such extension, the announcement of the extension need not state the next Closing Date but may state that the Offer will remain open until further notice. In such a case, the Offeror must give Shareholders who have not accepted the Offer at least 14 days' prior notice in writing before it may close the Offer.

(c) **No Obligation to Extend Offer.** The Offeror is not obliged to extend the Offer if the condition of the Offer set out in Section 2.4 of this Offer Document is not fulfilled by the Closing Date(s).

(d) **Offer to Remain Open for 14 Days after becoming Unconditional as to Acceptances.** In order to give Shareholders who have not accepted the Offer the opportunity to do so after the Offer has become or is declared unconditional as to acceptances, the Offer will remain open for a period (the "**Rule 22.6 Period**") of not less than 14 days after the date on which it would otherwise have closed.

This requirement does not apply if, before the Offer has become or is declared unconditional as to acceptances, the Offeror has given Shareholders at least 14 days' notice in writing ("**Shut-Off Notice**") that the Offer will not be open for acceptance beyond a specified Closing Date, provided that:-

(i) the Offeror may not give a Shut-Off Notice in a competitive situation; and

(ii) the Offeror may not enforce a Shut-Off Notice, if already given, in a competitive situation.

If a declaration that the Offer is unconditional as to acceptances is confirmed in accordance with paragraph 4(b) (Right of Withdrawal) of Appendix 1 to this Offer Document, the Rule 22.6 Period will run from the date of such confirmation or the date on which the Offer would otherwise have expired, whichever is later.

- (e) **Final Day Rule.** The Offer (whether revised or not) will not be capable:-
- (i) of becoming or being declared unconditional as to acceptances after 3.30 p.m. on the 60th day after the Despatch Date; or
 - (ii) of being kept open after the expiry of such 60-day period unless it has previously become or been declared to be unconditional as to acceptances,
- provided that the Offeror may extend the Offer beyond such 60-day period with the permission of the SIC. The SIC will normally grant such permission if a competing offer has been announced.
- (f) **Revision.** If the Offer is revised, it will remain open for acceptance for at least 14 days from the date of despatch of the written notification of the revision to the Shareholders. In any case where the terms are revised, the benefit of the Offer (as so revised) will be made available to each of the Shareholders who had previously accepted the Offer.

3. INFORMATION ON THE OFFEROR AND CHIP LIAN

- 3.1 **The Offeror.** The Offeror is a private company limited by shares and was incorporated in Singapore on 12 September 1980. Its principal activities are those of an investment holding company. As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of S\$1,000,000 comprising a total of 1,000,000 ordinary shares. The directors of the Offeror are Mr Oei Hong Leong and Mrs Oei Chu Yue Mei, who is the spouse of Mr Oei Hong Leong. The Offeror is a wholly-owned subsidiary of Chip Lian.
- 3.2 **Chip Lian.** Chip Lian is a private exempt company limited by shares and was incorporated in Singapore in 1971. It is the holding company of a group of companies whose principal activities are those of investment holding and dealing in foreign currencies and shares. As at the Latest Practicable Date, Chip Lian has an issued and paid-up share capital of S\$10,000,000 comprising 100,000 ordinary shares. The directors and shareholders of Chip Lian are Mr Oei Hong Leong and Mrs Oei Chu Yue Mei.
- 3.3 **Additional Information.** Additional information on the Offeror and Chip Lian is set out in Appendix 2 to this Offer Document.

4. INFORMATION ON NATSTEEL

The following information on NatSteel is based on publicly available information as at the Latest Practicable Date (including NatSteel's annual report for FY2005 and information available on the websites of NatSteel and the SGX-ST).

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

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

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

Additional information on NatSteel is set out in Appendix 3 to this Offer Document.

5. RATIONALE FOR THE OFFER AND THE OFFEROR'S INTENTIONS RELATING TO NATSTEEL

5.1 **Rationale for the Offer.** As a result of the Acquisition, the Offeror and its Concert Parties own or control not less than 30% of the total number of Shares in issue in the capital of NatSteel. Accordingly, the Offer is made by the Offeror to comply with Rule 14.1(a) of the Code.

5.2 **The Offeror's Intentions relating to NatSteel.** NatSteel, under the control of 98 Holdings Pte. Ltd., has been divesting several of its core and non-core assets, including the divestment or proposed divestment of:-

- (a) its steel businesses to The Tata Iron and Steel Company Ltd ("**Tata Steel**") in February 2005; and
- (b) its 30% stake in P.T. Taman Nongsa Indah Village, 16.67% stake in Lee Metal Group Ltd, 35% stake in Singapower Development Pte Ltd and its interest in Banyan Tree Holdings Limited ("**Banyan Tree**") in 2006.

In the event the Offer becomes unconditional, it is the intention of the Offeror to continue with the existing practice of the current controlling shareholder of NatSteel of asset disposals, but with the specific intention of accelerating the pace of such divestment process. The Offeror intends to review the value of the assets of the NatSteel Group (in particular, any assets that had or have been reflected as of zero value in the accounts of NatSteel) for the purposes of the disposals, with a view to unlocking the value of such assets.

With a view to enhancing Shareholders' value, the Offeror intends to propose cash distributions to Shareholders from the substantial amount of cash that has been retained in the NatSteel Group. Based on the balance sheet referred to in NatSteel's unaudited consolidated financial statements for the three months ended 31 March 2006 ("**1Q Results**"), the NatSteel Group has cash and bank balances of approximately S\$179.9 million as at 31 March 2006. In addition, it was announced by NatSteel on 26 May 2006 that the NatSteel Group is expected to receive up to approximately S\$76.2 million from the initial public offering of Banyan Tree (assuming the offering price is fixed at the maximum offering price of S\$1.07 per share)⁽¹⁾. Please refer to the 1Q Results of NatSteel and the announcement dated 26 May 2006 in relation to the proposed divestment of interests in Banyan Tree released by NatSteel on the SGXNET for further details.

The Offeror notes that NatSteel's circular dated 25 November 2004 relating to the disposal of its steel business to Tata Steel stated that, in accordance with the terms of the share subscription agreement entered into on 16 August 2004 between NatSteel, NatSteel Asia Pte. Ltd. and Tata Steel (the "**Subscription Agreement**"), for a period of 36 months following completion of the Subscription Agreement, NatSteel will not, and will procure that its remaining subsidiaries will not, engage in any manufacturing, trading, processing or distribution of steel and steel products (including billets, wire rods, rebars, PC strands and wire products) anywhere in the world. The Offeror intends to review the terms of the Subscription Agreement and related documents, and subject to any undertaking which the NatSteel Group is bound to comply with as regards the carrying on of steel businesses, it is the Offeror's intention for NatSteel to resume the conduct of steel business under the existing name of "NatSteel", in line with the business plans previously stated by Sanion in its announcement dated 9 December 2002 issued in connection with the takeover offer by 98 Holdings Pte. Ltd. in 2002. In that announcement, Sanion stated, *inter alia*, its intention to pursue discussions with parties from the People's Republic of China, with a view to identifying strategic partner(s), so as to focus on the steel business in the Chinese market.

(1) Since the Latest Practicable Date, NatSteel has made an announcement on 8 June 2006 in relation to the divestment of its interest in Banyan Tree. In this announcement, it was stated that NatSteel will divest its interest in 71,229,798 shares in the capital of Banyan Tree ("**Sale Shares**") at the offering price of S\$0.97 per share in connection with Banyan Tree's initial public offering. In addition, its interest in 4,908,376 shares in the capital of Banyan Tree ("**Additional Shares**") is subject to an over-allotment option. Assuming all the Sale Shares and Additional Shares are sold, NatSteel will be receiving an aggregate of S\$70.7 million as net proceeds from the initial public offering of Banyan Tree. The amount of gain on the divestment is S\$44.4 million. Please refer to the announcement dated 8 June 2006 in relation to the divestment of interest in Banyan Tree released by NatSteel on SGXNET for further details.

According to the 1Q Results, the NatSteel Group incurred administrative expenses of approximately S\$7.9 million for three months ended 31 March 2006. This is so even though a significant part of the remaining investments of the NatSteel Group is, to the belief of the Offeror, passive in nature. After conducting a review of the NatSteel Group, the Offeror intends to make such changes to the management of NatSteel, including reviewing the continued employment of the NatSteel Group's employees, if appropriate, with a view to improving the cost structure of the NatSteel Group.

Save as disclosed above, the Offeror has no plans at present to make any material changes to the business or employees of the NatSteel Group or to re-deploy any of the NatSteel Group's fixed assets.

6. FINANCIAL ASPECTS OF THE OFFER

The information below relating to certain financial aspects of the Offer has been based on data extracted from publicly available sources.

6.1 Historical share price. The Offer Price of S\$1.30 for each Offer Share represents:-

- (a) a premium of approximately 1.56% above S\$1.28, being the last transacted price of the Shares on the SGX-ST on 25 May 2006 (being the last trading day prior to the Announcement Date);
- (b) a discount of approximately 4.41% to S\$1.36, being the volume weighted average price (rounded to the nearest cent) of the Shares on the SGX-ST over the last one (1) month ending on and including 25 May 2006 (being the latest trading day prior to the Announcement Date);
- (c) a discount of approximately 13.91% to S\$1.51, being the volume weighted average price (rounded to the nearest cent) of the Shares on the SGX-ST over the last six (6) months ending on and including 25 May 2006 (being the latest trading day prior to the Announcement Date); and
- (d) a discount of approximately 2.26% to S\$1.33, being the last transacted price of the Shares on the SGX-ST on 6 June 2006 (being the Latest Practicable Date).

6.2 NAV. The Offer Price represents:-

- (a) a premium of approximately 14.04% over the audited consolidated NAV per Share of approximately S\$1.14 as at 31 December 2005; and
- (b) a premium of approximately 11.11% over the unaudited consolidated NAV per Share of approximately S\$1.17 as at 31 March 2006.

6.3 Earnings. The Offer Price implies a price to earnings ratio of approximately 6.84 times based on the audited consolidated basic EPS of NatSteel for FY2005 of approximately S\$0.19.

7. LISTING AND COMPULSORY ACQUISITION

7.1 Trading Suspension. Pursuant to Rule 1105 of the Listing Manual, upon the announcement by the Offeror that valid acceptances have been received that bring the holdings of Shares owned by the Offeror and its Concert Parties to above 90% of the Shares in issue, the SGX-ST may suspend the listing of the Shares on the SGX-ST until such time it is satisfied that at least 10% of the Shares in issue are held by at least 500 Shareholders who are members of the public.

In addition, under Rule 724 of the Listing Manual, if the percentage of Shares held in public hands falls below 10%, NatSteel must, as soon as practicable, announce that fact and the SGX-ST may suspend trading of all the Shares. Rule 725 of the Listing Manual states that the SGX-ST may allow NatSteel a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of Shares in public hands to at least 10%, failing which NatSteel may be delisted from the SGX-ST.

- 7.2 **Compulsory Acquisition and Listing Status.** Pursuant to Section 215(1) of the Companies Act, if the Offeror receives valid acceptances of the Offer in respect of not less than 90% of the Offer Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Offer), the Offeror would be entitled to exercise the right to compulsorily acquire all the Shares of Shareholders who have not accepted the Offer (“**Dissenting Shareholders**”). In such event, the Offeror intends to exercise its right to compulsorily acquire all the Offer Shares not acquired under the Offer. If the Offeror is able to proceed with the compulsory acquisition, an application will be made by the Offeror to delist NatSteel from the Official List of the SGX-ST.

Dissenting Shareholders have the right under and subject to Section 215(3) of the Companies Act, to require the Offeror to acquire their Shares in the event that the Offeror or its nominees acquire, pursuant to the Offer, such number of Shares which, together with Shares held by the Offeror, its related corporations or their respective nominees, comprise 90% or more of Shares in issue. Dissenting Shareholders who wish to exercise such right are advised to seek their own independent legal advice.

If the Offeror is not entitled to exercise the right of compulsory acquisition after the close of the Offer, depending on the outcome of the Offer, the Offeror may then evaluate its options with regards to the listing status of NatSteel.

8. DISCLOSURE OF HOLDINGS AND DEALINGS IN SHARES

- 8.1 **Holdings in Shares.** Save as disclosed in the table below and based on information available to the Offeror as at the Latest Practicable Date, neither the Offeror nor its Concert Parties owned, controlled or has agreed to acquire any Shares or securities which carry voting rights in NatSteel or are convertible into Shares or securities which carry voting rights in NatSteel, or rights to subscribe for or options in respect of Shares or such securities as at the Latest Practicable Date.

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

As at the Latest Practicable Date, based on information available to the Offeror, Mr Oei Hong Leong, a director on the boards of the Offeror and Chip Lian, is deemed to be interested in an aggregate of 112,124,000 Shares, representing approximately 30.0151% of the total number of Shares in issue, owned by the Offeror and Sanion. Save as disclosed above, none of the Directors are interested (as interpreted in accordance with Section 164 of the Companies Act), directly or indirectly, in any Shares as at the Latest Practicable Date.

- 8.2 **Dealings in Shares.** Save as disclosed below and based on information available to the Offeror as at the Latest Practicable Date, neither the Offeror nor its Concert Parties has dealt for value in any Shares or Options during the period commencing six (6) months prior to the Announcement Date and ending on the Latest Practicable Date (the “**Reference Period**”).

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

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

- 8.3 **No Irrevocable Undertaking.** As at the Latest Practicable Date, neither the Offeror nor its Concert Parties has received any irrevocable undertaking from any holder of Offer Shares to accept or reject the Offer.

9. OVERSEAS SHAREHOLDERS

- 9.1 **Overseas Shareholders.** The availability of the Offer to Shareholders whose addresses are outside Singapore as shown in the Register of Members of NatSteel or, as the case may be, in the records of CDP (the “**Overseas Shareholders**”) may be affected by the laws of the relevant overseas jurisdictions. Accordingly, Overseas Shareholders should inform themselves about and observe any applicable legal requirements.

It is the responsibility of Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws of the relevant jurisdiction, including the obtaining of any governmental or other consent which may be required, or compliance with other necessary formalities or legal requirements and the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Shareholders shall be liable for any such taxes, imposts, duties or other requisite payments payable and the Offeror (and, for the avoidance of doubt, its related corporations) and PPCF and any person acting on their behalf shall be fully indemnified and held harmless by such Overseas Shareholders for any such taxes, imposts, duties or other requisite payments as the Offeror (or, for the avoidance of doubt, any of its related corporations) and/or PPCF and/or any person acting on their behalf may be required to pay. In accepting the Offer, each Overseas Shareholder represents and warrants to the Offeror and PPCF that he is in full observance of the laws of the relevant jurisdiction in that connection and that he is in full compliance with all necessary formalities or legal requirements.

If you are in doubt about your position, you should consult your professional adviser in the relevant jurisdiction.

- 9.2 **Copies of Offer Document.** The Offeror and PPCF currently do not intend to send the Offer Document, the FAA and the FAT to any Overseas Shareholder due to potential restrictions on sending such documents to the relevant overseas jurisdictions. Any affected Overseas Shareholder may, nonetheless, obtain copies of this Offer Document, the FAA or the FAT, as the case may be, and any related documents during normal business hours and up to the Closing Date, from the office of M & C Services Private Limited at 138 Robinson Road #17-00, The Corporate Office, Singapore 068906 or The Central Depository (Pte) Limited at 4 Shenton Way #02-01, SGX Centre 2, Singapore 068807. Alternatively, an Overseas Shareholder may write in to M & C Services Private Limited at the above-stated address to request for this Offer Document, the FAA or the FAT, as the case may be, and any related documents to be sent to an address in Singapore by ordinary post at his own risk (up to three (3) Market Days prior to the Closing Date). For the avoidance of doubt, the Offer is made to all Shareholders (for all Offer Shares) including those Shareholders to whom this Offer Document, the FAA and the FAT may not be despatched.
- 9.3 **Notice.** The Offeror and PPCF each reserves the right to notify any matter, including the fact that the Offer has been made, to any or all Shareholders (including Overseas Shareholders) by announcement to the SGX-ST or paid advertisement in a daily newspaper published or circulated in Singapore, in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder to receive or see such announcement or advertisement.

10. CONFIRMATION OF FINANCIAL RESOURCES

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

11. GENERAL

- 11.1 **Views of the NatSteel Directors.** The views of the independent directors of NatSteel and ANZ Singapore Limited, the independent financial adviser to the independent directors of NatSteel, on the Offer will be made available by NatSteel to Shareholders within 14 days of the Despatch Date. Shareholders should consider their advice before taking any action in relation to the Offer.
- 11.2 **Governing Law and Jurisdiction.** The Offer, this Offer Document, the FAA and the FAT, all acceptances of the Offer, all contracts made pursuant thereto and all action taken or deemed to be taken or made in connection with any of the foregoing shall be governed by, and construed in accordance with, the laws of Singapore and all accepting Shareholders agree by accepting the Offer to submit to the non-exclusive jurisdiction of the courts of Singapore.
- 11.3 **No Third Party Rights.** A person who is not a party to any contracts made pursuant to the Offer, this Offer Document, the FAA and the FAT has no rights under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore to enforce any term of such contracts.
- 11.4 **Valid Acceptances.** The Offeror and PPCF each reserves the right to treat acceptances of the Offer as valid if received by or on behalf of either of them at any place or places determined by them otherwise than as stated herein or in the FAA or the FAT, or if made otherwise than in accordance with the provisions herein and in the FAA and the FAT.
- 11.5 **Accidental Omission.** Accidental omission to despatch this Offer Document, the FAA and/or the FAT, or any notice or announcement required to be given under the terms of the Offer to, or any failure to receive the same by, any person to whom the Offer is made or should be made, shall not invalidate the Offer in any way.
- 11.6 **Additional General Information.** Additional general information is provided in Appendix 4 to this Offer Document. Your attention is drawn to Appendices 1 to 4 which form part of this Offer Document.
- 11.7 **Letter from PPCF to Shareholders.** PPCF is acting for and on behalf of the Offeror and does not purport to advise the Shareholders. In preparing its letter to Shareholders on behalf of the Offeror, PPCF has not had regard to, amongst others, the general or specific investment objectives, tax position, risk profiles, financial situation or particular needs and constraints of any individual Shareholder.

12. RESPONSIBILITY STATEMENT

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

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

Yours faithfully,
For and on behalf of
PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.

Gerald Ong Chong Keng
Chief Executive Officer

Mark Liew
Associate Director

APPENDIX 1 – OTHER TERMS OF THE OFFER

1. Procedures for Acceptance

(a) Procedure for acceptance of the Offer by Depositors whose Securities Accounts are or will be credited with Offer Shares

(i) *Depositors whose Securities Accounts are credited with Offer Shares*

If you have Offer Shares standing to the credit of the “Free Balance” of your Securities Account, you are entitled to receive this Offer Document together with the FAA. If you wish to accept the Offer, you should complete and sign the FAA in accordance with the provisions and instructions in this Offer Document, including the provisions and instructions printed on the FAA (which provisions and instructions shall be deemed to form part of the terms of the Offer) and forward the completed and signed FAA in the enclosed pre-addressed envelope **either by hand**, to:-

Oei Hong Leong Foundation Pte. Ltd.
c/o The Central Depository (Pte) Limited
4 Shenton Way #02-01
SGX Centre 2
Singapore 068807

or by post, at your own risk, to:-

Oei Hong Leong Foundation Pte. Ltd.
c/o The Central Depository (Pte) Limited
Robinson Road Post Office
P.O. Box 1984
Singapore 903934

in each case so as to arrive not later than 3.30 p.m. on the Closing Date.

An acknowledgement of receipt of the FAA will be given by CDP if the FAA is submitted by hand at CDP’s counter. No acknowledgement of receipt will be given for the FAAs sent by post or deposited into boxes located at CDP’s premises.

If you have sold or transferred all your Offer Shares, you need not forward this Offer Document and the FAA to the purchaser or transferee (the “**Purchaser**”) as arrangements will be made by CDP for a separate Offer Document and FAA to be issued to the Purchaser. Purchasers should note that CDP will, on behalf of the Offeror, send a copy of this Offer Document and the FAA by ordinary post at the Purchasers’ own risk to their respective addresses as they appear in the records of CDP.

If you wish to accept the Offer, you must insert in **Part A** of the FAA the number of Offer Shares in respect of which the Offer is accepted, which should not exceed the number of Offer Shares standing to the credit of the “Free Balance” of your Securities Account as at 5.00 p.m. on the date of receipt by CDP, on behalf of the Offeror, of the FAA **provided always** that such date of receipt must fall on or before the Closing Date (the “**Date of Receipt**”).

Except as expressly provided below, if the number of Offer Shares in respect of which the Offer is accepted, as inserted by you in Part A of the FAA, exceeds the number of Offer Shares standing to the credit of the “Free Balance” of your Securities Account as at 5.00 p.m. on the Date of Receipt, or if no such number of Offer Shares is inserted by you, then you shall be **deemed to have accepted the Offer in respect of all the Offer Shares standing to the credit of the “Free Balance” of your Securities Account as at 5.00 p.m. on the Date of Receipt.**

We understand that CDP will, upon receipt on behalf of the Offeror of the FAA and all other relevant documents, transfer the Offer Shares in respect of which you have accepted the Offer from the “Free Balance” of your Securities Account to a suspense account pending the Offer becoming or being declared unconditional and until the consideration for the Offer Shares has been despatched to you.

(ii) Depositors whose Securities Accounts will be credited with Offer Shares

If you purchase Offer Shares on the SGX-ST and such Offer Shares are in the process of being credited to the “Free Balance” of your Securities Account, you must, if you wish to accept the Offer, submit the relevant original “bought” contract statement(s), validly issued by a member company of the SGX-ST in your name in respect of your purchase of such Offer Shares, accompanied by the FAA (which may be obtained from CDP at 4 Shenton Way, #02-01, SGX Centre 2, Singapore 068807), duly completed and signed, to the relevant address specified in paragraph 1(a)(i) of this Appendix 1.

You must insert in **Part B** of the FAA the number of Offer Shares in respect of which the Offer is accepted, which should not exceed the number of Offer Shares represented by the relevant original contract statement(s) in respect of which the Offer is accepted. If the FAA is received by CDP without such contract statement(s), then you shall be **deemed to have accepted the Offer in respect of all the Offer Shares standing to the credit of the “Free Balance” of your Securities Account as at 5.00 p.m. on the Date of Receipt.**

If the number of Offer Shares in respect of which the Offer is accepted, as inserted by you in Part B of the FAA, exceeds the number of Offer Shares represented by the relevant original contract statement(s), or if no such number of Offer Shares is inserted by you, then you shall be **deemed to have accepted the Offer in respect of all the Offer Shares as represented by the relevant original contract statement(s).**

Your acceptance of the Offer as aforesaid will constitute an unconditional and irrevocable undertaking and agreement by you to procure that the “Free Balance” of your Securities Account will be credited with the relevant number of such Offer Shares within five Market Days of the date of the relevant original contract statement(s). If by 5.00 p.m. on the fifth Market Day following the date of the relevant original contract statement(s), the “Free Balance” of your Securities Account is not credited with, or is credited with fewer than, the relevant number of Offer Shares as aforesaid, then your acceptance of the Offer shall be **deemed to be only in respect of such number of Offer Shares as may be standing to the credit of the “Free Balance” of your Securities Account as at 5.00 p.m. on the fifth Market Day following the date of the relevant original contract statement(s)**, provided that your acceptance of the Offer shall not in any event be deemed to exceed the number of Offer Shares inserted in Part B of the relevant FAA or, if no such number is inserted, the number of Offer Shares represented by the relevant original contract statement(s).

If upon receipt by CDP, on behalf of the Offeror, of the relevant FAA and the relevant original contract statement(s) and other relevant documents, it is established that the Offer Shares represented by the relevant original contract statement(s) will not be credited or are not in the process of being credited to the "Free Balance" of your Securities Account (as, for example, where you are selling or have sold such Offer Shares), then your acceptance is liable to be rejected and neither CDP, PPCF nor the Offeror (nor, for the avoidance of doubt, any of the Offeror's related corporations) accepts any responsibility or liability in relation to such a rejection, including the consequences thereof.

(iii) Depositors whose Securities Accounts are and will be credited with Offer Shares

If you already have Offer Shares standing to the credit of the "Free Balance" of your Securities Account, **and** if you have also purchased additional Offer Shares on the SGX-ST that are in the process of being credited to your Securities Account, you may accept the Offer in respect of both the Offer Shares standing to the credit of the "Free Balance" of your Securities Account as well as the additional Offer Shares purchased which are in the process of being credited to your Securities Account. The provisions set out in paragraphs 1(a)(i) and 1(a)(ii) above in respect of Offer Shares standing to the credit of the "Free Balance" of your Securities Account as at 5.00 p.m. on the Date of Receipt, and the Offer Shares which are in the process of being credited to your Securities Account, respectively, shall apply *mutatis mutandis* to your acceptance(s).

(iv) General

You should note that for the purpose of the acceptances referred to above, you may submit the original contract statement(s) in respect of the Offer Shares purchased on the SGX-ST, provided that the "Free Balance" of your Securities Account is credited with the relevant number of Offer Shares within five Market Days of the date of the relevant original contract statement(s).

For reasons of confidentiality, CDP will not entertain telephone enquiries relating to the number of Offer Shares credited to your Securities Account. You may verify the number of Offer Shares credited to your Securities Account by e-mail, if you have registered for the CDP e-mail service. Alternatively, you may call personally at CDP with your identity card or passport to verify the number of Offer Shares credited to your Securities Account.

It is your responsibility to ensure that the FAA is properly completed in all respects. The Offeror will be entitled to reject any acceptance which does not comply with the provisions and instructions contained herein and in the FAA, or which is otherwise incomplete, incorrect or invalid in any respect. Any decision to reject the FAA on the grounds that it has been invalidly, incorrectly or incompletely signed, completed or submitted will be final and binding, and neither CDP, PPCF nor the Offeror (nor, for the avoidance of doubt, any of the Offeror's related corporations) accepts any responsibility or liability in relation to such a decision, including the consequences thereof.

Except as specifically provided for in Section 2.7 (Duration) of this Offer Document, paragraphs 1 and 4 of this Appendix 1 and Rule 29 of the Code, acceptance of the Offer is irrevocable.

All communications, notices, documents and remittances to be delivered or sent to you will be sent by ordinary post to your address as it appears in the records of CDP, at your own risk.

In the event that the Offer becomes or is declared to be unconditional in accordance with its terms, payment will be sent to you by ordinary post to your address as it appears in the records of CDP at your own risk. CDP will send a notification letter(s) by ordinary post to you, at your address as it appears in the records of CDP, at your own risk, stating the number of Offer Shares debited from your Securities Account.

In the event that the Offer does not or is not declared to be unconditional in accordance with its terms, the relevant number of Offer Shares in respect of which you have accepted the Offer will be transferred to the "Free Balance" of your Securities Account as soon as possible but, in any event, not later than 14 days from the lapse of the Offer.

(b) **Procedure for acceptance by Shareholders who hold Offer Shares which are not deposited with CDP**

If you hold Offer Shares which are not deposited with CDP, you are entitled to receive this Offer Document together with a FAT. If you wish to accept the Offer, you should complete and sign the accompanying FAT in accordance with the provisions and instructions of this Offer Document, including the provisions and instructions printed on the FAT (which provisions and instructions shall be deemed to form part of the terms of the Offer) and forward either by hand or by post, at your own risk, the duly completed and signed FAT, together with the relevant share certificate(s), other document(s) of title and/or any other relevant document(s) required by the Offeror, in the enclosed pre-addressed envelope to:-

Oei Hong Leong Foundation Pte. Ltd.
c/o M & C Services Private Limited
138 Robinson Road #17-00
The Corporate Office
Singapore 068906

so as to arrive not later than 3.30 p.m. on the Closing Date.

No acknowledgement of receipt of any FAT, share certificate(s), other document(s) of title, transfer form(s) and/or any other relevant document(s) required by the Offeror will be given.

If the number of Offer Shares in respect of which the Offer is accepted, as inserted by you in the FAT, exceeds the aggregate number of Offer Shares represented by share certificates and/or other document(s) of title accompanying the FAT, or if you do not specify in the FAT the number of Offer Shares in respect of which the Offer is accepted, then you shall be **deemed to have accepted the Offer in respect of all the Offer Shares represented by the share certificates and/or other document(s) of title accompanying the FAT.**

It is your responsibility to ensure that the FAT is properly completed in all respects. The Offeror will be entitled to reject any acceptance which does not comply with the provisions and instructions contained herein and in the FAT, or which is not accompanied by the relevant share certificate(s) and/or other document(s) of title and/or any other relevant document(s) required by the Offeror, or which is otherwise incomplete, incorrect or invalid in any respect. Any decision to reject the FAT on the grounds that it has been invalidly, incorrectly or incompletely signed, completed or submitted will be final and binding, and neither PPCF nor the Offeror (nor, for the avoidance of doubt, any of the Offeror's related corporations) accepts any responsibility or liability in relation to such a decision, including the consequences thereof.

If your Offer Shares are not registered with NatSteel in your own name, you must send in the relevant share certificate(s) and/or other document(s) of title and/or other relevant documents required by the Offeror, together with a duly completed and signed FAT accompanied by transfer form(s), duly completed and executed by the person registered with NatSteel as the holder of the Offer Shares and stamped, with the particulars of the transferee left blank (to be completed by the Offeror or a person authorised by it).

Except as specifically provided for in Section 2.7 (Duration) of this Offer Document, paragraphs 1 and 4 of this Appendix 1 and Rule 29 of the Code, acceptance of the Offer is irrevocable.

All communications, notices, certificates, documents and remittances to be delivered or sent to you will be sent to you (or your designated agent or, in the case of joint accepting Shareholders who have not designated any agent, to the one first named in the Register of Members of NatSteel) by ordinary post to your address as it appears in the Register of Members of NatSteel at your own risk (or, for the purpose of remittances only, to such different name and address as may be specified by you in the FAT and at your own risk).

In the event that the Offer becomes or is declared to be unconditional in accordance with its terms, payment will be sent to you (or your designated agent or, in the case of joint accepting Shareholders who have not designated any agent, to the one first named in the Register of Members of NatSteel) by ordinary post to your address as it appears in the Register of Members of NatSteel at your own risk (or to such different name and address as may be specified by you in the FAT and at your own risk).

In the event that the Offer does not become or is not declared to be unconditional in accordance with its terms, the FAT and other documents (including share certificate(s)) will be returned to you at your own risk by ordinary post within 14 days of the lapse of the Offer.

(c) **Other relevant information relating to procedures for acceptance**

If you hold the share certificate(s) of some of the Offer Shares beneficially owned by you and if you have deposited the rest of the Offer Shares beneficially owned by you with the CDP, you are required to complete a FAT in respect of the Offer Shares represented by share certificate(s) and a FAA in respect of the Offer Shares which are deposited with CDP, if you wish to accept the Offer in respect of all such Offer Shares. Both the FAT and the FAA must be completed and accompanied by the relevant documents and sent to the Offeror in accordance with the respective procedures for acceptance set out in paragraphs 1(a) and (b) of this Appendix 1.

If you hold the share certificate(s) of the Offer Shares beneficially owned by you and you wish to accept the Offer in respect of such Offer Shares, you **should not** deposit the share certificate(s) with CDP during the period commencing on the date of this Offer Document and ending on the Closing Date (both dates inclusive), as your Securities Account may not be credited with the relevant number of Offer Shares in time for you to accept the Offer.

Delivery of the duly completed and signed FAA and/or FAT to the CDP and/or, as the case may be, the Offeror shall be conclusive evidence in favour of the Offeror and CDP of the right and title of the person signing it to deal with the same and with the Offer Shares to which it relates.

2. Settlement

(a) Depositors whose Securities Accounts are or will be credited with Offer Shares

Subject to the Offer becoming or being declared to be unconditional and to the receipt by the Offeror from accepting Shareholders of all relevant documents required by the Offeror which are complete in all respects and in accordance with the instructions given in this Offer Document and the FAA (including, without limitation, confirmation satisfactory to the Offeror that the relevant number of Offer Shares tendered by the accepting Shareholders in acceptance of the Offer are standing to the credit of the "Free Balance" of their respective Securities Accounts at the relevant time), the Offeror will arrange for remittances for the appropriate amounts to be sent to CDP.

CDP will debit the respective Securities Accounts of the accepting Shareholders with the number of Offer Shares tendered by them in acceptance of the Offer and will despatch the relevant remittances in the form of cheques for the appropriate amounts by ordinary post to the accepting Shareholders at their own risk as soon as practicable and in any event:-

- (i) in respect of acceptances of the Offer which are complete in all respects and are received on or before the date on which the Offer becomes or is declared to be unconditional, within 21 days of that date; or
- (ii) in respect of acceptances of the Offer which are complete in all respects and are received after the Offer becomes or is declared to be unconditional, but before the Offer closes, within 21 days of the date of such receipt.

CDP will send by ordinary post to the accepting Shareholders at their respective addresses as they appear in the records of CDP, and at their own risk, notification letter(s) showing the number of Shares which have been debited against their respective Securities Accounts.

(b) Shareholders who hold Offer Shares which are not deposited with CDP

Subject to the Offer becoming or being declared to be unconditional and to the receipt by the Offeror from accepting Shareholders of all relevant documents required by the Offeror which are complete in all respects and in accordance with the instructions given in this Offer Document and the FAT (including, without limitation, the share certificates relating to the Offer Shares tendered by accepting Shareholders in acceptance of the Offer), remittances in the form of cheques for the appropriate amounts will be despatched to the accepting Shareholders (or their designated agents, as they may direct) by ordinary post and at their own risk, at their respective addresses as they appear in the Register of Members of NatSteel (or to such names and addresses as may be specified by the accepting Shareholders in the FAT), as soon as practicable and in any event:-

- (i) in respect of acceptances of the Offer which are complete in all respects and are received on or before the date on which the Offer becomes or is declared to be unconditional, within 21 days of that date; or
- (ii) in respect of acceptances of the Offer which are complete in all respects and are received after the Offer becomes or is declared to be unconditional, but before the Offer closes, within 21 days of the date of such receipt.

3. Announcements

- (a) Pursuant to Rule 28.1 of the Code, by 8.00 a.m. on the dealing day (the “**Relevant Day**”) immediately after the day on which the Offer is due to expire, or becomes or is declared unconditional as to acceptances, or is revised or extended (if applicable), the Offeror will announce and simultaneously inform the SGX-ST of the total number of Shares (as nearly as practicable):-
- (i) for which valid acceptances of the Offer have been received;
 - (ii) held by the Offeror and any of its Concert Parties before the Offer period (as defined in the Code); and
 - (iii) acquired or agreed to be acquired by the Offeror and any of its Concert Parties during the Offer period,

and will specify the percentages of the total number of Shares in issue in the capital of NatSteel (including Shares issued or to be issued pursuant to the valid exercise of any outstanding Options prior to the close of the Offer) represented by such numbers.

- (b) Under Rule 28.2 of the Code, if the Offeror is unable, within the time limit, to comply with paragraph 3(a) of this Appendix 1, the SIC will consider requesting the SGX-ST to suspend dealings in the Shares until the relevant information is given.
- (c) In this Offer Document, references to the making of any announcement or the giving of notice by the Offeror include the release of an announcement by PPCF or advertising agents, for and on behalf of the Offeror, to the press or the delivery of or transmission by telephone, telex, facsimile, SGXNET or otherwise of an announcement to the SGX-ST. An announcement made otherwise than to the SGX-ST shall be notified simultaneously to the SGX-ST.
- (d) In computing the number of the Offer Shares represented by acceptances, the Offeror will at the time of making an announcement take into account: (i) acceptances which are valid in all respects; and (ii) acceptances which are duly completed and accompanied by original “bought” contract statements, validly issued by a member company of the SGX-ST in the name of the accepting Shareholder in respect of the purchase by the accepting Shareholder of the Offer Shares which are deposited with CDP (subject to the “Free Balance” of the Securities Account of the accepting Shareholder being credited with the relevant number of such Offer Shares within five Market Days of the date of the relevant original contract statement(s)).

4. Right of Withdrawal

- (a) Subject to Section 2.7 (Duration) of this Offer Document, paragraphs 1 and 4 of this Appendix 1 and Rule 29 of the Code, acceptances of the Offer shall be irrevocable.
- (b) A Shareholder who has accepted the Offer may:-
- (i) withdraw his acceptance immediately if the Offer has become or been declared unconditional as to acceptances but the Offeror fails to comply with any of the requirements set out in paragraph 3 of this Appendix 1 by 3.30 p.m. on the Relevant Day. Subject to Section 2.7(e) (Final Day Rule) of this Offer Document, the Offeror may terminate this right of withdrawal not less than eight days after the Relevant Day by confirming (if that be the case) that the Offer is still unconditional as to acceptances and by complying with the requirements set out in paragraph 3 of this Appendix 1. For the purposes of Section 2.7(d) (Offer to Remain Open for 14 Days after becoming Unconditional as to Acceptances) of this Offer Document, the period of 14 days first referred therein shall run from the date of such confirmation (if given) or the date on which the Offer would otherwise have expired, whichever is later.

- (ii) withdraw his acceptance after 14 days from the first Closing Date of the Offer, if the Offer has not by then become or been declared unconditional as to acceptances. This right of withdrawal may be exercised until such time as the Offer becomes or is declared unconditional as to acceptances.
 - (iii) withdraw his acceptance immediately if a competing offer becomes or is declared unconditional as to acceptances. This right of withdrawal also applies in the converse situation i.e. if the Offer becomes or is declared unconditional as to acceptances, a Shareholder who has accepted a competing offer may likewise withdraw his acceptance for such competing offer immediately.
- (c) To withdraw his acceptance, a Shareholder who has accepted the Offer must give written notice to the Offeror c/o M & C Services Private Limited, 138 Robinson Road #17-00, The Corporate Office, Singapore 068906. Such notice of withdrawal shall be effective only if signed by the accepting Shareholder or his agent duly appointed in writing and evidence of whose appointment is produced in a form satisfactory to the Offeror within the said notice, and when actually received by the Offeror as aforesaid.

APPENDIX 2 – ADDITIONAL INFORMATION ON THE OFFEROR AND CHIP LIAN

1. Directors

The names, addresses and descriptions of the directors of each of the Offeror and Chip Lian as at the Latest Practicable Date are as follows:-

Name	Address	Description
Mr Oei Hong Leong	48A Dalvey Road Singapore 259752	Director ⁽¹⁾
Mrs Oei Chu Yue Mei	48A Dalvey Road Singapore 259752	Director

Note:

(1) Mr Oei Hong Leong is also the Managing Director of Chip Lian.

2. Summary of Financial Performance

(a) The Offeror

The audited profit and loss statements of the Offeror for FY2003 and FY2004 and the unaudited profit and loss statements of the Offeror for FY2005 are summarised in the table below. The summary is extracted from, and should be read in conjunction with, the financial statements of the Offeror for the relevant financial years (copies of which are available for inspection as mentioned in paragraph 5 of Appendix 4 to this Offer Document).

	FY2003 (Audited) (\$'000)	FY2004 (Audited) (\$'000)	FY2005 (Unaudited) (\$'000)
Turnover	13,800	9,999	254,414
Other Income	(3,841)	22,333	(11,354)
Exceptional items	–	–	–
Profit before taxation	5,529	17,885	91,567
Taxation	–	–	(18,573)
Profit after taxation	5,529	17,885	72,994
Minority interests	–	–	–
Profit after taxation and minority interests	5,529	17,885	72,994
Net earnings per share (S\$)	5.53	17.89	72.99
Gross dividends per share (S\$)	–	–	–
Net dividends per share (S\$)	–	–	–

(b) Chip Lian

The audited consolidated profit and loss statements of Chip Lian for FY2003 and FY2004 and the unaudited consolidated profit and loss statements of Chip Lian for FY2005 are summarised in the table below. The summary is extracted from, and should be read in conjunction with, the consolidated financial statements of Chip Lian for the relevant financial years (copies of which are available for inspection as mentioned in paragraph 5 of Appendix 4 to this Offer Document).

	FY2003 (Audited) (\$'000)	FY2004 (Audited) (\$'000)	FY2005 (Unaudited) (\$'000)
Turnover	13,800	9,999	254,414
Other Income	(3,804)	22,725	(7,089)
Exceptional items	–	–	–
Profit before taxation	3,725	16,855	92,309
Taxation	–	–	(18,792)
Profit after taxation	3,725	16,855	73,518
Minority interests	–	–	–
Profit after taxation and minority interests	3,725	16,855	73,518
Net earnings per share (S\$)	37.25	168.55	735.18
Gross dividends per share (S\$)	–	–	–
Net dividends per share (S\$)	–	–	–

3. Statements of Assets and Liabilities

(a) The Offeror

The audited balance sheet of the Offeror as at 31 December 2004 and the unaudited balance sheet of the Offeror as at 31 December 2005 are summarised in the table below. The summary is extracted from, and should be read in conjunction with, the financial statements of the Offeror for the relevant financial years.

	As at 31 December 2004 (Audited) (\$'000)	As at 31 December 2005 (Unaudited) (\$'000)
Non-current assets	68,157	60,840
Current assets	262,217	159,653
Current liabilities	(338,724)	(143,677)
Net current assets	(76,507)	15,976
Non-current liabilities	(6,511)	–
Net assets	(14,861)	76,816
Share capital	1,000	1,000
Reserves	(15,861)	75,816
Minority interests	–	–
Shareholders' funds	(14,861)	76,816
NTA per share (S\$)	(14.86)	76.82

(b) Chip Lian

The audited consolidated balance sheet of Chip Lian as at 31 December 2004 and the unaudited consolidated balance sheet of Chip Lian as at 31 December 2005 are summarised in the table below. The summary is extracted from, and should be read in conjunction with, the consolidated financial statements of Chip Lian for the relevant financial years.

	As at 31 December 2004 (Audited) (\$'000)	As at 31 December 2005 (Unaudited) (\$'000)
Non-current assets	168,687	224,806
Current assets	268,857	142,422
Current liabilities	(308,294)	(63,596)
Net current assets	(39,437)	78,826
Non-current liabilities	(1,490)	–
Net assets	127,760	303,632
Share capital	10,000	10,000
Reserves	116,353	285,243
Minority interests	1,407	8,389
Shareholders' funds	127,760	303,632
Consolidated NTA per share (S\$)	1,278	3,036

4. Material Changes in Financial Position

Save as disclosed in this Offer Document and save for (i) the unaudited financial statements of the Offeror and the unaudited consolidated financial statements of Chip Lian for FY2005 and (ii) the making and the financing of the Offer, as at the Latest Practicable Date, there has been no publicly known material change in the financial position of each of the Offeror and Chip Lian since 31 December 2004, being the date their respective last audited accounts were laid before their shareholders in general meeting.

5. Significant Accounting Policies

The significant accounting policies of the Offeror are set out in Note 2 of the audited accounts of the Offeror for FY2004. The significant accounting policies of Chip Lian are set out in Note 2 of the audited consolidated accounts of Chip Lian for FY2004.

Accounting policies used in the unaudited accounts of the Offeror for FY2005 and the unaudited consolidated accounts of Chip Lian for FY2005 are consistent with those applied in each of their respective audited accounts for FY2004, except for the adoption of new or revised Financial Reporting Standards which came into effect on 1 January 2005. The unaudited accounts of each of the Offeror and Chip Lian for FY2005 are subject to any adjustments that may be required pursuant to an audit.

Copies of the audited accounts of the Offeror for FY2004, the unaudited accounts of the Offeror for FY2005, the audited consolidated accounts of Chip Lian for FY2004 and the unaudited consolidated accounts of Chip Lian for FY2005 are available for inspection as mentioned in paragraph 5 of Appendix 4 to this Offer Document.

6. Registered Office

The registered office of each of the Offeror and Chip Lian is at 1 Scotts Road, #20-05 Shaw Centre, Singapore 228208.

APPENDIX 3 – ADDITIONAL INFORMATION ON NATSTEEL

1. Share Capital

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

2. Material Changes in Financial Position

Save as disclosed in this Offer Document and save for information on the NatSteel Group which is publicly available (including without limitation, the announcements released by NatSteel on SGXNET and the announcements and documents set out below), as at the Latest Practicable Date, there has not been, within the knowledge of the Offeror, any material change in the financial position or prospects of the NatSteel Group since 31 December 2005, being the date of the last audited balance sheet of NatSteel laid before its shareholders in general meeting on 26 April 2006:-

- (a) the annual report of NatSteel for FY2005;
- (b) the unaudited financial statements of NatSteel for the three (3) months ended 31 March 2006;
- (c) the announcement dated 15 March 2006 in relation to the completion of disposal of interest in P.T. Taman Nongsa Indah Village by NatSteel's wholly-owned subsidiary, NSL Resorts International Pte Ltd;
- (d) the announcement dated 3 April 2006 in relation to the acquisition of shares in Bangkok Synthetics Co., Ltd by NatSteel's wholly-owned subsidiary, NSL Chemicals (Thailand) Pte Ltd;
- (e) the announcement dated 7 April 2006 in relation to the completion of sale of 30 million shares in Lee Metal Group Ltd by NatSteel;
- (f) the announcement dated 7 April 2006 in relation to the divestment of equity interest in Singapower Development Pte Ltd by NatSteel's wholly-owned subsidiary, NSL Engineering Pte Ltd;
- (g) the announcement dated 10 May 2006 in relation to the acquisition of shares in Dubai Precast LLC by NatSteel's wholly-owned subsidiary, Eastern Pretech Pte Ltd;
- (h) the announcements dated 15 and 16 May 2006 in relation to the scheme of compromise and arrangement by Raffles Marina Ltd; and
- (i) the announcements dated 26 May 2006 and 8 June 2006 in relation to the divestment of shares in Banyan Tree by NatSteel's wholly-owned subsidiary, Kilby Associates Limited.

3. Registered Office

The registered office of NatSteel is at 77 Robinson Road #27-00, SIA Building, Singapore 068896.

APPENDIX 4 – ADDITIONAL GENERAL INFORMATION

1. Disclosure of Interests

- (a) **No Indemnity Arrangements.** To the best knowledge of the Directors as at the Latest Practicable Date, neither the Offeror nor any of its Concert Parties has entered into any arrangement of the kind referred to in Note 7 on Rule 12 of the Code, including indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to the Shares which may be an inducement to deal or refrain from dealing in the Shares.
- (b) **No Agreement having any Connection with or Dependence upon the Offer.** As at the Latest Practicable Date, there is no agreement, arrangement or understanding between (1) the Offeror or any of its Concert Parties and (2) any of the present or recent directors of NatSteel or the present or recent Shareholders of NatSteel having any connection with or dependence upon the Offer.
- (c) **Transfer of Offer Shares.** The Offeror reserves the right to transfer any of the Offer Shares to any of its related corporations or for the purpose of granting security in favour of financial institutions which have granted credit facilities to it. As at the Latest Practicable Date, save as disclosed in this Offer Document, there is no agreement, arrangement or understanding whereby any of the Offer Shares acquired pursuant to the Offer will or may be transferred to any other person.
- (d) **No Payment or Benefit to NatSteel Directors.** As at the Latest Practicable Date, no payment or other benefit will be made or given to any director of NatSteel or of any corporation which is by virtue of Section 6 of the Act deemed to be related to NatSteel, as compensation for loss of office or otherwise in connection with the Offer.
- (e) **No Agreement Conditional upon Outcome of the Offer.** As at the Latest Practicable Date, there is no agreement or arrangement made between (1) the Offeror and (2) any of the directors of NatSteel or any other person, in connection with or conditional upon the outcome of the Offer or otherwise connected with the Offer.
- (f) **Transfer Restrictions.** There is no restriction in the Memorandum or Articles of Association of NatSteel on the right to transfer any Offer Shares, which has the effect of requiring the holders of such Offer Shares, before transferring them, to offer them for purchase to members of NatSteel or to any person.
- (g) **No Material Change in Information.** Save as disclosed in this Offer Document, as far as the Offeror is aware, there has been no material change in any information previously published by or on behalf of the Offeror during the period commencing from the Announcement Date and ending on the Latest Practicable Date.

2. General

- (a) **Consent.** PPCF has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and letter and all references thereto in the form and context in which they respectively appear.
- (b) **Costs and Expenses.** All costs and expenses of or incidental to the Offer including the preparation and circulation of this Offer Document, the FAA and the FAT (other than professional fees and other costs relating to the Offer or any revision thereof incurred or to be incurred by NatSteel) and stamp duty and transfer fees resulting from acceptances of the Offer will be paid by the Offeror.

3. Market Quotations

The closing price of the Shares on the SGX-ST, as reported by Bloomberg, on (a) the Latest Practicable Date was S\$1.33 and (b) 25 May 2006 (being the last Market Day immediately preceding the Announcement Date) was S\$1.28. The highest closing price, lowest closing price, last closing price (at the end of each month) and trading volume of the Shares on the SGX-ST, on a monthly basis, from November 2005 to April 2006 (being the six calendar months preceding the Announcement Date), as reported in Bloomberg, are set out below:-

Date	Highest Closing (\$)	Lowest Closing (\$)	Last Closing (\$)	Volume of Shares Traded
April 2006	1.48	1.40	1.41	836,000
March 2006	1.54	1.40	1.45	2,829,000
February 2006	1.58	1.54	1.54	1,592,000
January 2006	1.59	1.52	1.56	2,256,000
December 2005	1.59	1.56	1.57	2,470,000
November 2005	1.67	1.27	1.60	9,412,000

During the period commencing six (6) months preceding the Announcement Date and ending on the Latest Practicable Date,:-

- (a) the highest closing price of the Shares on the SGX-ST, as reported by Bloomberg, was S\$1.60, which price was last transacted on 30 November 2005; and
- (b) the lowest closing price of the Shares on the SGX-ST, as reported by Bloomberg, was S\$1.28, which price was last transacted on 25 May 2006.

4. Statement by PPCF

PPCF acknowledges that, to the best of its knowledge and belief, having made all reasonable enquiries and based on information made available to it, this Offer Document constitutes a full and true disclosure of all material facts about the Offer and the Offeror. Where information has been extracted from published or publicly available sources (including, without limitation, information relating to the NatSteel Group), the sole responsibility of PPCF has been to ensure through reasonable enquiries that such information has been accurately and correctly extracted from such sources, or as the case may be, accurately and correctly reflected or reproduced in this Offer Document.

5. Documents for inspection

Copies of the following documents are available for inspection at PPCF's office at 1 Raffles Place, #30-03 OUB Centre, Singapore 048616 during normal business hours, while the Offer remains open for acceptance:-

- (a) the Memorandum and Articles of Association of the Offeror;
- (b) the audited financial statements of the Offeror for FY2003 and FY2004 and the unaudited financial statements of the Offeror for FY2005;
- (c) the audited consolidated financial statements of Chip Lian for FY2003 and FY2004 and the unaudited consolidated financial statements of Chip Lian for FY2005;
- (d) the Announcement; and
- (e) the letter of consent of PPCF referred to in paragraph 2(a) of this Appendix 4.

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