

NATSTEEL LTD
(Company Registration Number 196100107C)
Incorporated in the Republic of Singapore

NATSTEEL LTD (the “**Company**”) refers to its announcement dated 12 August 2005 (the “**Announcement**”), which stated that the Company’s wholly owned subsidiary, Raffles Marina Ltd (“**RML**”), was working with a financial advisor on various options in relation to a proposed restructuring exercise and wishes to announce the following:

1. Proposed Scheme of Arrangement and Compromise for RML

- 1.1 RML had on 23 August 2005 filed an application in the High Court of Singapore (the “**Court**”) for an Order of Court to convene a meeting (the “**Court Meeting**”) of the holders of unsecured notes (the “**Unsecured Notes**”) issued by RML pursuant to a prospectus of RML dated 12 March 1990 (the “**Scheme Creditors**”) to consider, and if thought fit, to approve a proposed Scheme of Arrangement and Compromise (the “**SOA**”) under Section 210 of the Companies Act, Chapter 50 of Singapore (the “**Act**”). The Court today made an Order allowing RML to convene the Court Meeting.
- 1.2 The SOA will involve, *inter alia*, the cancellation of the Unsecured Notes in consideration for the issue or transfer to the Scheme Creditors of ordinary shares in a newly-incorporated holding company of RML (“**Newco**”). In addition, the SOA will also involve the cancellation of valid and subsisting Full Memberships held by the Scheme Creditors at Raffles Marina, the proprietary club owned by RML. Such Scheme Creditors will be given a certain number of ordinary shares in Newco (based on a formula referred to in the SOA), which will entitle them to, *inter alia*, the continued use of the facilities and amenities at Raffles Marina.
- 1.4 Under Section 210(3) of the Act, the SOA must be approved by a majority in number representing three-fourths in value of the creditors present and voting either in person or by proxy at the Court Meeting or any adjournment thereof.
- 1.5 Subject to the requisite approval being obtained at the Court Meeting or any adjournment thereof, the SOA being subsequently sanctioned by the Court and a copy of the Order of Court sanctioning the SOA being lodged with the Registrar of Companies, it is expected that the implementation of the SOA should be completed by 30 June 2006.
- 1.6 Following the implementation of the SOA, it is also expected that RML will continue to be a subsidiary of the Company.

2. Independent Financial Adviser and Scheme Manager

Ferrier Hodgson Pte Ltd has been appointed to act as independent financial adviser to RML to advise on the terms of the SOA and Mr. Timothy James Reid of Ferrier Hodgson has been appointed as the Scheme Manager to assist RML in the implementation of the SOA.

3. Documents for Inspection and Further Announcements

- 3.1 Copies of the application filed in Court by RML referred to in paragraph 1.1 above are available for inspection by members of the Company during normal business hours at the registered office of the Company at 22 Tanjong Kling Road, Singapore 628048, for a period of three months commencing from the date of this announcement.
- 3.2 The Company will make further announcements at the appropriate time on the outcome of the Court Meeting, the sanctioning of the SOA by the Court and the implementation of the SOA, where necessary.

4. Disclosure of Directors' Interests

The following table sets out the interests of directors and substantial shareholders of the Company in Unsecured Notes:

Name	Designation	Interest
Ang Kong Hua	Director of the Company	<ul style="list-style-type: none"> • Member of the General Committee of Raffles Marina
Gan Kim Yong	Director of the Company	<ul style="list-style-type: none"> • Scheme Creditor • Director of NSR • Director of RML
Ong Beng Seng	Substantial Shareholder of the Company having a deemed interest through Reef Holdings Pte Ltd, which is deemed to have an interest through Reef Investments Pte Ltd, which is deemed to have an interest through Excelfin Pte Ltd and Excel Partners Pte Ltd. Excelfin Pte Ltd is deemed to have an interest through Excel Partners Pte Ltd, which is deemed to have an interest through its interest in 98 Holdings Pte. Ltd.	<ul style="list-style-type: none"> • Scheme Creditor
Oei Hong Leong	Substantial Shareholder of the Company having a deemed interest through Sanion Enterprises Limited	<ul style="list-style-type: none"> • Scheme Creditor

DBS Bank Ltd is the secured lender of RML. As Mr Ang Kong Hua is a director of DBS Group Holdings Ltd as well as DBS Bank Ltd, he had abstained from voting on the restructuring of RML.

Save as disclosed above, none of the other directors or substantial shareholders of the Company has any interest in the SOA between RML and the Scheme Creditors.

By Order of the Board

Lim Su-Ling
Company Secretary

Singapore
25 August 2005