



FOR IMMEDIATE RELEASE

NATSTEEL TO SELL STEEL BUSINESSES TO TATA STEEL

Singapore, 16 August 2004 - The Board of NatSteel Ltd (the "Company" or "NatSteel") today announced that the Company and its direct wholly-owned subsidiary, NatSteel Asia Pte Ltd ("NatSteel Asia"), have entered into a conditional agreement to sell all of its steel and related businesses to The Tata Iron and Steel Company Limited ("Tata Steel") of India.

The Company's steel and related businesses will be transferred to NatSteel Asia, subsequent to which Tata Steel will acquire 100% of the equity interest in NatSteel Asia. The sale is expected to be completed by early 2005.

Under the terms of the agreement, Tata Steel has valued NatSteel's steel and related businesses at an enterprise value of S\$486.4 million, which is subject to adjustments at completion. This would result in a cash consideration of approximately S\$466 million, based on the 31 December 2003 proforma consolidated balance sheet for the steel businesses. The adjustments will be based on a consolidated balance sheet of NatSteel Asia on completion date and may result in the final cash consideration paid to NatSteel above or below S\$466 million. Prior to completion, NatSteel will continue to operate and retain the cash generated by the steel and related businesses, if any.

Dr Cham Tao Soon, Chairman of NatSteel, said, "This sale presents a good opportunity to enhance value for shareholders at a time when we have benefited from the upcycle in the steel industry in the past two years. When we received Tata Steel's unsolicited offer, the Board appointed a Board Committee and Goldman Sachs as our financial adviser to

help evaluate the offer. After careful consideration, the Board is pleased to support this transaction and recommend this for shareholders to consider. The transaction also serves our other stakeholders well, including our employees, customers and suppliers and bodes well for the future prospects of NatSteel's steel businesses in the region."

Dr Cham added that "The steel businesses of Tata Steel and NatSteel have a strong strategic fit and synergies. Tata Steel, in its offer price, has recognised the value in NatSteel's pan-Asian network of steel mills and other operations that are suitable for Tata Steel's regional expansion strategy."

Mr. Oo Soon Hee, President of NatSteel, said, "With this transaction, NatSteel Asia will be well-positioned to weather the volatilities in the steel industry because it will be part of a much larger, fully integrated steel group with extensive resources. As part of Tata Steel, NatSteel Asia will be able to benefit from a larger footprint in the steel industry as well as the access to significant resources, enabling us to further expand within Asia. Tata Steel has been a long-term player in the steel industry, and will complement our business model. On the whole, this transaction bodes well for the future prospects of NatSteel Asia."

Commenting on the transaction, Mr. B. Muthuraman, Managing Director of Tata Steel said, "The acquisition of the steel businesses of NatSteel is an important step in Tata Steel's plans to build a global business. NatSteel's steel business provides Tata Steel access to key Asian steel markets including China. I believe that the acquisition will prove to be a good strategic fit for Tata Steel's business. I welcome members of NatSteel Asia's management team and all employees to the Tata Steel family."

NatSteel's steel and related businesses that will be sold include its regional steel subsidiaries and interests in associated companies in China, Malaysia, Vietnam, the Philippines, Thailand and Australia, as well as its steel businesses, subsidiaries and assets in Singapore. The sale will also involve all of the Company's intellectual property related to its steel and related businesses, including the "NatSteel" brand name.

Upon completion of the transaction, the Company will no longer have any interest in NatSteel Asia, the Singapore or regional steel operations. In 2003, the businesses that

being sold as a part of this transaction represented approximately 47 per cent of profit before tax, minority interest and exceptional items, and 52 per cent of net asset value.

NatSteel's non-steel operations, which include the Chemicals, Engineering, Construction Products and Property and Investment businesses, will remain unaffected by this proposed sale.

The Board will consider applying the net proceeds from this sale towards repayment of existing borrowings, development of our non-steel operations, other growth opportunities, and/or distributions to shareholders. Prior to the completion of the sale, the Board will appoint a Special Committee to review the use of proceeds and will make further announcements at an appropriate time.

A circular to shareholders setting out the information on the transaction, together with a notice of the extraordinary general meeting ("EGM") to be convened, will be despatched to shareholders in due course.

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About NatSteel Ltd

NatSteel Ltd is a leading industrial group in the Asia Pacific with operations and joint ventures in 12 countries. The Group has two main divisions: Steel and Industrial.

The Steel Division has a regional presence in Singapore, China, Malaysia, Thailand, the Philippines, Vietnam and Australia. Singapore serves as the hub providing R&D, engineering, logistics, sourcing and other support services.

The Industrial Division is a key supplier of precast concrete, premix mortar and related construction materials in Singapore. Other NatSteel business activities include the supply of specialty and environmental chemicals, and the provision of engineering products and services.

About Tata Steel

The Tata Iron and Steel Company Ltd, an integrated steel maker, is the largest private sector steel company in India and is rated among the top four “world-class” steel companies by World Steel Dynamics. It has its own sources of raw materials, modern and up-to-date technology and facilities, and a strong customer orientation. Its focus is on the automobile and construction industries, and has several notable global tie ups including with Arcelor and Nippon Steel. It is a strong domestic player in India and has a presence in global markets.

For the year ended 31 March 2004, Tata Steel produced and sold 4 million tonnes of flat and long products recording a turnover of Rs 119.2 billion (US\$ 2.6 billion) and a net profit of Rs 17.5 billion (US\$ 380 million). For the quarter ended June 30, 2004, Tata Steel reported a turnover of Rs 34.1 billion (US\$ 741 million) and a net profit of Rs. 7.5 billion (US\$ 163 million).

Tata Steel is currently implementing a 1 million tonne expansion project at its works in Jamshedpur, India which will raise its capacity to 5 million tonnes per annum by September 2005. Further expansion to 7.4 million tonnes per annum is in an advanced stage of planning and will be commissioned in 2008-09.

Besides steel products, which includes hot rolled coil, cold rolled coils, galvanised sheets, rebars, wire-rod and wires, Tata Steel is a major player in India in Ferro-alloys industry with a significant global presence. Tata Steel shares are listed on the Stock Exchange, Mumbai and the National Stock Exchange of India.

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