

NATSTEEL LTD

Incorporated in the Republic of Singapore
Company Registration Number 196100107C

COMPLETION OF THE PROPOSED TRANSACTION WITH THE TATA IRON AND STEEL COMPANY LIMITED

The Board of Directors (the “**Board**”) of NatSteel Ltd (“**NatSteel**” or the “**Company**”) refers to the announcement dated 16 August 2004 (the “**Announcement**”) in relation to the proposed sale of the Company’s regional and Singapore steel businesses to The Tata Iron and Steel Company Limited (“**Tata Steel**”) for the Negotiated Enterprise Value. The Board is pleased to announce that the proposed sale of the Company’s regional and Singapore steel businesses to Tata Steel has been completed today.

Unless otherwise defined, capitalised terms used in this announcement bear the same meaning as those used in the Announcement and the Company’s circular to shareholders dated 25 November 2004.

The Company had on 16 August 2004, together with its wholly-owned subsidiary NatSteel Asia, entered into the Subscription Agreement with Tata Steel, as well as entered into the BTA with NatSteel Asia, and NatSteel Asia’s wholly-owned subsidiary NatSteel Asia Singapore. Both the Subscription Agreement and the BTA were amended on 15 February 2005 pursuant to a supplemental subscription agreement (the amended Subscription Agreement referred to as the “**Amended Subscription Agreement**”) and a supplemental business transfer agreement (the amended BTA referred to as the “**Amended BTA**”) respectively.

Pursuant to the terms of the Subscription Agreement, the Negotiated Enterprise Value is S\$486.4 million, and on Completion, Tata Steel would have paid to NatSteel Asia 75 per cent. of the Negotiated Enterprise Value, being S\$364.8 million for the subscription of 50 million new ordinary shares of S\$1.00 each in the issued and paid-up share capital of NatSteel Asia (the “**New Shares**”), the extension of a shareholder’s loan and the purchase of the Sale Shares. Pursuant to the Amended Subscription Agreement, Tata Steel has today subscribed for the New Shares, extended a shareholder loan to NatSteel Asia and purchased the Sale Shares for a total of S\$304.8 million. Pursuant to the Amended BTA and in connection with the Transaction, the Company has transferred its Regional Steel Assets (save for Changzhou Wujin NatSteel Company Limited (“**Wujin NSL**”) and Wujin NSL’s 30 per cent. interest in Wuxi Jinyang Metal Products Company Limited and 5.91 per cent. interest in Southern NatSteel (Xiamen) Limited (collectively, the “**Wujin Minority Shares**”)) and Singapore Steel Assets to NatSteel Asia and NatSteel Asia Singapore respectively for a total of S\$304.8 million.

Completion of the transfer of Wujin NSL to NatSteel Asia (“**Wujin Completion**”) has been delayed due to a delay in the receipt of the necessary approvals from governmental and regulatory authorities required for the transfer. Wujin Completion will take place following the receipt of such approvals and is expected to take place on or before 15 April 2005 or 25 April 2005 subject to certain conditions (the “**Wujin Cut-Off Date**”). Pursuant to the terms of the Amended Subscription Agreement and the Amended BTA, S\$60 million (the “**Wujin Amount**”) will be payable by Tata Steel to NatSteel Asia and then to the Company following Wujin Completion in the following manner:

- (a) should Wujin Completion take place before the determination of the Completion Adjustments, the Wujin Amount will be payable in full by Tata Steel; or
- (b) should Wujin Completion take place after the determination of the Completion Adjustments, 75 per cent. of the Wujin Amount, being S\$45 million, will be payable by Tata Steel, with the remaining S\$15 million payable after the determination of the following adjustments to be made on Wujin Completion as follows: (i) in the event of any variance from Wujin NSL's net working capital of S\$35 million; (ii) deduction of minority interest; and (iii) deduction of net debt.

Unless otherwise mutually agreed between the parties, should Wujin Completion not take place on or before the Wujin Cut-Off Date, Tata Steel will not be under any obligation to transfer the Wujin Amount to NatSteel Asia for subsequent payment to the Company. Pursuant to the terms of the Amended Subscription Agreement and the Amended BTA, the Company will also undertake to or procure the transfer of the Wujin Minority Shares to NatSteel Asia on or before 15 May 2005, failing which the Company will pay NatSteel Asia S\$20 million.

Other than the Wujin Amount, the remainder of the consideration payable will be made to NatSteel Asia for subsequent payment to the Company after the determination of the Completion Adjustments, which is expected to be determined within three months from the date of Completion.

As at the date of this announcement, NatSteel Asia holds the Regional Steel Assets (save for Wujin NSL) while NatSteel Asia Singapore holds the Singapore Steel Assets. Other than its existing direct 100 per cent. interest in Wujin NSL and its indirect interest in the Wujin Minority Shares, the Company no longer holds any interest in the Regional Steel Assets or the Singapore Steel Assets.

BY ORDER OF THE BOARD

Lim Su-Ling (Ms)
Company Secretary

Singapore
15 February 2005