

23 May 2007

DISPOSAL OF EQUITY INTEREST IN SUBSIDIARY- SOON DOUGLAS (PTE) LTD

NATSTEEL LTD (the "Company") wishes to announce that its wholly-owned subsidiary Eastern Industries Private Limited ("EI") has entered into a Sale and Purchase Agreement (the "S&P Agreement") with Tiong Woon Corporation Holding Ltd (the "Purchaser") in relation to the sale of EI's 67.7% equity interest in Soon Douglas (Pte) Ltd ("SDPL"). SDPL is in the business of leasing tower cranes.

EI's 9,874,580 ordinary shares will be sold for a total cash consideration of S\$2,152,860, arrived at on a willing buyer and willing seller basis. In addition, EI will also receive payment for outstanding shareholders' loans to SDPL amounting to approximately S\$3,460,000 from the Purchaser.

This sale is in line with the Company's plan to divest its non-core businesses. SDPL Group has a net tangible liability value of S\$1.09 million as at 31 December 2006. The carrying value of the Company's 67.7% stake in SDPL was negative S\$1.29 million as at 31 December 2006.

Upon completion of this transaction, SDPL and its subsidiaries, PT Unggul Equipindo Sarana, Soon Douglas Sdn. Bhd., I.S.D. Crane Equipment Ltd. and Myanmar Soon Douglas Company Limited will cease to be subsidiaries of NATSTEEL Ltd.

This transaction is not expected to have any material impact on the net tangible assets or earnings per share of NATSTEEL Ltd and its group of companies for the current financial year ending 31 December 2007.

None of the directors or substantial shareholders or controlling shareholders of the Company has any interest, direct or indirect, in this transaction.

By Order of the Board

Lim Su-Ling
Company Secretary
23 May 2007