



China Steel Australia (ASX:CNH)

China Powerplus acquires 46 per cent of China Steel

August 18, 2008

NICKEL pig iron producer China Steel Australia (ASX:CNH) today announced China Powerplus had acquired a 46.25 per cent of the company.

The acquisition was under an agreement, detailed in the China Steel Australia prospectus, for CNH majority shareholder Jadefield Group Limited (Jadefield) to sell 50 per cent of its shares in China Steel to China Powerplus for approximately RMB155 million (AUD\$25.92 million).

China Steel Australia Executive Director Lanson Lim said the decision by China Powerplus was a significant vote of confidence in China Steel.

“China has the largest stainless steel market in the world and China Steel provides China Powerplus with the opportunity to take advantage of this domestic market which has exceptional growth forecasts,” Mr Lim said.

“China Steel is on target to meet its key financial forecasts for the year to June 2008 of net profit after tax (NPAT) of \$12.3 million and earnings per share (EPS) of 3.99 cents.

“The company has also announced a \$92 million expansion of its processing plant which will significantly increase the company’s revenue and earnings for the 2009/2010 financial year by trebling production capacity.”

China Powerplus designs, produces and sells portable power tools in the agricultural and gardening industries. Its products are exported globally to Australia, China, Europe, South America and South East Asia with the company having a dominant market position in China with over 360 distributors located in more than 30 provinces.

China Steel listed on the ASX in February this year following a successful and oversubscribed initial public offer. Since 2006 China Steel has been producing nickel pig iron which is sought by Chinese stainless steel producers as an alternative to pure nickel in the face of high prices in metals and commodities.

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