



China Steel Australia (ASX:CNH)

China Steel Australia to triple production with new \$92m plant

Brisbane – April 30, 2008: China Steel Australia Limited (ASX:CNH), a producer of Nickel Pig Iron for the domestic Chinese market, is set to at least triple its production capacity through a \$92 million expansion of its Linyi plant in China.

China Steel Australia today announced building contracts had been signed for the expansion of its plant near Linyi - in the Shandong Province, China - with production slated to commence in January, 2009.

The expansion – with a fixed price for the building contracts - will see China Steel Australia's production of Nickel Pig Iron at least triple from 45,000 metric tonnes per year to an estimated 140,000 metric tonnes per year.

China Steel Australia Executive Director Lanson Lim said the expansion of the Linyi plant would significantly increase revenue and earnings, starting from the 2008/2009 financial year.

"China is the world's largest consumer of stainless steel and the nation's massive infrastructure growth continues unabated," Mr Lim said.

"Demand for Nickel Pig Iron, used in the production of stainless steel for China's domestic consumption, is very strong and remains unaffected by worldwide markets.

"The expansion of the Linyi plant will allow China Steel to capitalise on the strength of this growing domestic market and cement its position as the foremost supplier of high quality Nickel Pig Iron in China."

Mr Lim said the plant was strategically located close to supplies and transport infrastructure, giving China Steel a distinct advantage over its competitors.

"Our plant is very well positioned and this allows us to provide a high quality product at a more competitive price," he said.

China Steel Australia has secured binding letters of offer for term loan facilities on market terms from non-bank private lenders in China to finance the plant expansion and is currently exploring other possible sources of funding to improve the commercial terms of the existing funding arrangements.

ENDS

Lanson Hung Lim
Executive Director
China Steel Australia Limited
T: +65 6264 7760
M: +65 9820 5387
E: Lanson@cnsteel.com.au

Scott Emerson
Crook Publicity
M: 0401 998 181

For personal use only