
Buying agreement of Rizhao Steel fails schedule

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Oriental Morning Post reported that, as reported by 21st Century Business Herald days ago, Shandong Steel and Rizhao Steel might sign the reorganization agreement recently, but it seems to be impossible to fulfill the signing on schedule.

The newspaper learned from an unidentified source that their signing of agreement is postponed on their disagreement of the value of Rizhao Steel assets.

About a week ago, the news that the two mills would officially ink merging agreement on August 25th or 26th had been rumored. And, it's said that Shandong Steel would control 67% stake of Rizhao Steel, after injecting cash into the mill, leaving the rest 33% to Mr Du Shuanghua, the real controller of the mill and other shareholders.

According to an experienced expert in steel sector, it's hard for the two mills to come to a satisfying agreement, since this merge is out of market rules but only for fulfilling local government's plan of building up 20 million tonnes per year steel base in Rizhao.

Mr Du is reported that he keeps refusing to be merged, and he had transferred 30% of Rizhao Steel's core assets into stocks market, aiming to push back Shandong Steel.

As per report, Shandong Steel also requires Mr Du to take back those core assets. The requirement might be another branching point to put off the signing.

(Sourced from Oriental Morning Post)

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