
China plan to raise USD 5 billion in railway Holding IPO

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Bloomberg quoted two people with knowledge of the matter said China plans to sell shares in a holding company that will control the rail link between Shanghai and Beijing raising about USD 5 billion to fund railway expansion.

The people who declined to be identified before a public announcement said China International Capital Corp, JPMorgan Chase & Co and Macquarie Group Ltd have been hired to arrange the initial public offerings in Hong Kong as early as the second quarter of next year. The government also plans a domestic offering.

China securities regulator lifted a moratorium last month on public offerings imposed in September after the stock market plunged 60%. The nation's investment in railway expansion has tripled during December to May this year from a year ago period since China announced its CNY 4 trillion stimulus plan in November.

Mr Wang Qingyun head of infrastructure development at National Development and Reform Commission said "The government has been planning the rail IPOs for years, waiting for the right time. He declined to give a timetable for the rail IPOs."

The people said the major assets of the holding company will include the existing Shanghai-Beijing rail line and the Shanghai Rail bureau operations. The high-speed Shanghai-Beijing rail line, which is under construction, will not be included.

Mr Wang Yong Ping spokesman said "It's the government basic policy to finance railway construction in various ways including non government sources. He declined to comment on the timing or amount of any share sale. JPMorgan spokeswoman Ms Marie Cheng and Macquarie spokesman Mr Paul Scanlon declined to comment and CICC spokeswoman Mr Jiang Luyang could not be reached for comment."

Mr Jonathan Penkin Goldman Sachs Group Inc Hong Kong-based head of equity capital markets in Asia outside Japan said as many as 100 companies may be reviving Hong Kong IPO plans after last year's equities rout delayed sales scheduled for 2008.

China's locomotives haul about one fourth of global rail traffic on tracks accounting for about 6% of the worldwide train network.

(Sourced from Bloomberg)

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