
Yanzhou bid for Felix Resources could go either way - Report

Wednesday, 30 Sep, 2009

Xinhua reported that China's largest Australian takeover, a towering AUD 3 billion plus bid by Yanzhou Coal Mining Co Limited for coalminer Felix Resources, could go either way since an Australian regulatory official suggested a foreign investment limit.

The regulator said that Chinese and other foreign investors in Australia's major resources companies should limit their proposed stakes to no more than 15% to improve their chances of gaining approval.

Meanwhile, Mr Patrick Colmer director of the Foreign Investment Review Board, previously stated at an Australia China investment forum that overseas investors in new projects should keep their investment targets below 50%.

Yanzhou Coal previously announced it planned to purchase all of Felix Resources' shares. But the statement sheds doubt over whether approval of the friendly offer would be received. If the deal is blocked, Yanzhou Coal will lose its opportunity to obtain Felix Resources' rich coal reserves and advanced technology. The funds it raised for the bid will also be in vain which will affect the company's future prosperity.

However, the regulation hasn't been officially announced by the government. Analysts at Guodu Securities warned that relevant officials have not yet spoken on the matter, and that investors should take their time considering their prospects.

(Sourced from Xinhua)

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