
Jinan Steel to lead Shandong Steel recombination

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Oriental Morning Post reported that Jinan Steel is expected to lead the recombination between Jinan Steel and Laiwu Steel, the two listed companies under Shandong Steel.

On November 8th evening, the two companies announced to stop their share trading and throw themselves into the Material Asset Reorganization related with their parent company. There are many uncertainties in the detail plan of the reorganization of the two listed company since the related sides are busy in consultation and argument for their reorganization plan.

However, analysts seem to be convinced in who will lead Shandong Steel reorganization. Mr Zhao Xiang'e analyst from Shenyin & Wanguo Securities said that "To me, Jinan Steel will be more suitable by capital stock in leading the recombination than Laiwu Steel. Shandong Steel reconstruction is to copy that occurred in Hebei Steel in which one listed company was picked out as leader to fulfill absorbing the other companies by exchanging shares."

Mr Su Lifeng analyst for Guoyuan Securities said in theory, it's who owns more capital stock that is more appropriate to be the director in the recombination. And, Laiwu Steel has stopped its financing plans like convertible bond and private placement.

As per report, the top boss started to mull the combination between Jinan Steel and Laiwu Steel early in 2006. However, the name parent company Shandong Steel hadn't been built up until March 2008 and the material combination moved like snail. Thus, the start of the recombination is a bit surprising to the steel market, though it's an inevitable process. It's expected that difficulties will emerge out along with the progress.

(Sourced from Oriental Morning Post)

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