
Kingair to switch focus to molybdenum mining

Tuesday, 12 Aug, 2008

Interfax China reported that Shanghai listed Kingair Machinery Company Limited is planning to switch its focus to molybdenum mining through an assets swap with an Inner Mongolian molybdenum miner.

Kingair plans to trade its entire air conditioner manufacturing assets, worth approximately CNY 260 million, as well as 130 million new A shares at a per share price of CNY 8.64 for a 100% stake in Inner Mongolia Ejin Banner Shengyuan Mining Company Limited.

Upon completion of the new share issuance, Kingair's share capital will be boosted from the current amount of 145.32 million shares to 275.32 million shares, with Luoyang Juhui Investment Company Limited, holding a 22.66% stake in Kingair.

Shengyuan Mining currently holds mining rights to the Liushashan molybdenum deposit, which contains 36,800 tonnes of molybdenum reserves. It also owns two molybdenum ore selecting facilities, with a combined daily ore processing capacity of 1,900 tonnes and is in the process of constructing a new 1,500 tonne per day selecting facility, scheduled to commence operation in April 2009.

Shengyuan Mining plans to produce 690 tonnes of molybdenum, 200 kilograms of gold and 320 tonnes of tungsten, all in concentrate form, and to generate sales revenue of CNY 350 million in 2009.

With this move, Kingair intends to enhance the company's profitability through its new molybdenum mining operations, while dropping its air conditioner manufacturing operations, which are currently generating losses for the company.

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