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## Shandong Iron & Steel to Regroup Rizhao Steel

*Saturday, 20 Dec, 2008*

SinoCast Daily Business reported that Chinese steelmaker Shandong Iron & Steel group has recently made the due diligence investigation on Rizhao Steel Holding Group Company Limited and the regrouping scheme is scheduled to be released next week.

According to source, after both parties inked the letter of intent on reorganization on November 5th 2008, the Shandong Branches of Agricultural Bank Of China and Industrial and Commercial Bank of China granted a total credit line of CNY 111 billion to Shandong Iron & Steel Group.

Shandong Iron & Steel Group plans to reshuffle Rizhao Steel via ownership reform and then creates a 20 million tonnes refined steel production base in the northern Chinese city of Rizhao, Shandong Province. Newly added production capacity is predicted to hit 15 million tonnes.

Recently, total planned investment in this base has been reduced to CNY 100 billion from CNY 130 billion signaling a rapid progress.

As one of Shandong's private steelmakers Rizhao Steel was founded in 2003 and four years later its annual steel output reached 7.75 million tonnes.

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