
Shagang not well prepared to go public

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It is reported that Shagang, China's largest private steelmaker, remains cautious in the terms of M & As and public listing amid the steel industrial downturn.

Mr Gongsheng deputy Board Chairman of Shagang said the reason behind the interposition of ST Zhang Copper is that Shagang wishes to further regulate the market operation through the assets listings, and Shagnag is not ready to go public. ST Zhang Cooper has declared the regrouping plans with Shagang yesterday.

ST Zhang Copper announced to issue 1,177,721,910 shares to Shagang at CNY 1.78 per share to buy 63.79% stakes totaling for CNY 2,096,345,000 in Huaigang Special Steel Co Ltd. After the transactions, Shagang will become the share holding company by 74.84% stocks of ST Zhang Copper. Meanwhile it would go listed through the subsidiary Huaigang.

In fact, earlier on December 20th last year ST Zhang Copper has declared to restructure with Shagang. Mr Gong said that it was quite uncertain to get the approval from the board meeting of the latter. This move was once considered as the first step towards the public listings of Shagang, but Mr Gong said one of the reasons why choose Huaigang not Shagang was that the company don not wish to exert relevant business with Shagang.

As the biggest national private steel enterprises, Shagang was prepared to go public ten years ago. The steel output of Shagang went at 25 million tonnes last year and it is predicted to keep the same volume with last year with the goal of 30 million tonnes in 2010. The additional 5 million tonnes need to seek for appropriate projects to finish.

Mr Gong believed that it was not the best time for the regroupings at present. He said that "China would see some large steel mills start operation in the days to come which may further cause the overcapacities. That maybe the best time to talk about the acquisitions due to some small mills can not survive from the oversupplies."

He added, presently Shagang focuses on the architecture steel products, HR and medium plates and it would like to restructure some galvanized steel and CR plate enterprises to further enlarge its industrial chains.

(Source: China Business News)

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