
Hunan Valin sets up steel investment fund with Huarong

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It is reported that Hunan Valin Iron & Steel Group, China's ninth largest producer has agreed to set up China's first joint steel industry investment fund together with China Huarong Asset Management Corp.

As per report, the fund will seek opportunities for steel industry investments mergers and acquisitions. With an initial size of CNY 1 billion it will be expanded to between CNY 5 billion and CNY 10 billion in coming years.

Mr Li Xiaowei president of Valin Group said the company plans to acquire two or three steel mills with a combined capacity of 10 million tonnes outside Hunan Province. Valin Group, which has automotive steel and electrical steel production joint ventures with ArcelorMittal has recently paid AUD 1.3 billion for 17.3% stake in Australia's third largest iron ore miner Fortescue Metals Group Ltd.

Mr Lai Xiaomin chairman of Huarong said the strategic cooperation with Valin Group would help boost consolidation M&A in steel industry, adding that two sides have great potential to extend cooperation into asset management, investment banking and consultancy in the future. Huarong was set up in 1999 with another three asset management companies to clean up the bad assets of China biggest banks.

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