

China Hongqiao announces CNY 1.9 bn acquisition



China Hongqiao Group, one of the mainland's largest aluminium producers, has announced a CNY 1.9 billion acquisition that would expand its production capacity by around 21% and allow it to generate more of its own power. The Shandong province-based and main-board listed firm said it had entered into a deal to buy all of Binzhou Municipal Binbei New Material, which trades bauxite, aluminium ingots, plates, foils, strips and makes processed aluminium products.

China Hongqiao said in a filing to Hong Kong's stock exchange that Binzhou recorded a net profit of CNY 469.12 million in the first 9 months of this year, a net profit of CNY 314.23 million last year and a net profit of CNY 91.35 million in 2012.

It owns facilities that have an annual capacity to produce 660,000 tonne of aluminium products and power generators with installed capacity of 1,860 MW.

China Hongqiao said, "The group expects that the acquisition will bring positive impact to the group's financial position by enlarging [its] production capacity of aluminium products as well as the proportion of electricity produced in-house."

Binzhou's seller, Shandong Binbei New Material, is a bauxite trader and maker of alumina and high-precision aluminium plate and foil materials. Bauxite is the raw material of aluminium production and alumina is an intermediate product.

China Hongqiao said that the acquisition was of a size that required disclosure but not shareholder approval under listing rules. In September it raised HKD 1.69 billion via a share sale to fund debt repayment, acquisition of bauxite resources and general corporate purposes. China Hongqiao had 3.14 million tonne of annual aluminium products production capacity and 4,380 MW of power generating capacity at the end of June.

It met 70.7% of its power demand in-house in the first half of the year. Power typically accounts for around 35% of an aluminium smelter's operating costs.

POSCO's new facility set for lithium production

Steelmaker Posco is readying its new factory in Argentina for mass production of lithium as per reports. The chemical element is used in manufacturing rechargeable batteries. The company said that, in collaboration with the Research Institute of Industrial Science and Technology, it had developed a new lithium-extracting technique in which the material can be directly obtained from lake water via chemical reactions.

That methodology will be used at Posco's new plant in Jujuy, Argentina, expected to become a stronghold in lithium production. According to the company, the facility will be capable of producing some 200 tonne of lithium each year. Projections indicate that the facility will be able to start production in 2016, after test operations next year.



Poseidon Nickel to acquire Black Swan Project

Poseidon Nickel is closer to the acquisition of the Black Swan Project in Western Australia from Norilsk Nickel with the receipt of Government and Environmental approvals. The two companies are now working through the transfer of a number of covenants attaching to the tenements associated with historical undertakings. Completion of the acquisition is now expected on 27th March 2015.

However, technical activities associated with restarting the Black Swan nickel operations are unaffected and are proceeding to plan. Completion of the Black Swan acquisition requires certain conditions to be satisfied. This includes the Government and Environmental approvals associated with the site being on care and maintenance and to facilitate re-commencement of mining operations.

Poseidon and Norilsk are working through the transfer of a number of covenants attaching to the tenements associated with historical undertakings. These transfers are in the normal course of business for a transaction of this nature.

All of the consents attaching to these covenants have been received and the parties continue to work with the relevant regulatory agency to progress the satisfaction of the remaining conditions precedent.

Simultaneously, the company continues to work with Norilsk during the completion period to facilitate the handover of this project and continuation of granted mining approvals.

Mr. David Singleton MD of Poseidon Nickel said that "We have made very good progress at Black Swan. This change is not expected to affect Poseidon's overall schedule to restart Black Swan which we expect to commence after Windarra and Lake Johnston."