

Troubled miners seeking a golden route into China exploit listing rules

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Hong Kong's first listing of an unprofitable mining company is likely to unleash a wave of similar moves by struggling miners eager to raise money in Asia and open doors to booming markets such as China and India.

IRC, Petropavlovsk's loss-making iron-ore operation in the Russian Far East, is to raise as much as £261 million when it makes its Hong Kong market debut next month and could receive a market valuation as high as £829 million.

In doing so, it will become the first to exploit a rule change introduced in June that specifically scraps the traditional profit requirement for mining companies and allows investors to place their bets on a "meaningful portfolio" of resource assets under development.

The initial public offering is expected to unleash similar moves by other mining companies languishing in the red but eager to raise money in Asia and claiming exposure to China and India. In its determination to establish

itself as the Chinese listing venue of choice, ahead of both Shanghai and Singapore, Hong Kong has already been flexible with rules: the flotation of Oleg Deripaska's Rusal earlier this year came with a full page of special warnings that the company did not meet usual profit tests.

The Russian aluminium group's shares have never risen above their first-day closing price, serving as a warning that market conditions remain difficult.

Nevertheless, the appeal of being listed on the doorstep of what is, for most resource companies, their largest market is proving increasingly hard to resist. Vale, the Brazilian miner, is understood to be planning a Hong Kong listing.

Jay Hambro, IRC's executive chairman, told *The Times* that investors in the company were being offered a "development story" and a rare combination of "geology and geography". The group's mines, one of which will soon be operating at capacity and the other two which will open later in the decade, are very close to Russia's border with China.

In contrast with mining companies in Australia and South America, IRC's



How much is The Bill? Perloff picks up ITV studio for £4.75m

The South London studios where *The Bill* was shot for more than 20 years was sold yesterday for £4.75 million to a colourful property entrepreneur (Alexi Mostrous writes).

Fremantle Media, the producer of *The X Factor*, sold Merton Studios to

Panther Securities. The company is best known for its chairman Andrew Perloff, who offers shareholders pages of personal thoughts at every results.

He and outside investors, including the studio's management team, will run the business

as an independent studio. Talkback Thames, a Fremantle company, opened Merton Studios in 1989 specifically to film *The Bill*, the police drama that had been on air since 1984. The show was cut by ITV in March, with more than 90 production jobs lost.