

## **China developer Franshion shares up on \$1.6 bln deal**

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HONG KONG (Reuters) - Hong Kong-listed Franshion Properties (China) Ltd (0817.HK: Quote, Profile, Research, Stock Buzz) said it would buy a Chinese development and management firm for \$1.6 billion to give it more hotel and office exposure, sending its share up 5 percent.

Franshion, which raised \$425 million in an initial public share offering last August, said in a statement on Friday it would buy China Jin Mao (Group) Co Ltd, from its parent Sinochem Hong Kong and other Chinese state-owned enterprises.

Investors cheered the move, which will give Franshion rental income from the 88-storey Jinmao Tower office block in Shanghai as well as the Hilton Sanya Resort & Spa, JW Marriott Shenzhen, the Ritz-Carlton, Sanya and the Westin Beijing.

By the midday break, Franshion shares were trading at HK\$3.74, up 5.1 percent.

"The acquisition will significantly elevate the assets scale and quality of the company's office and hotel portfolio," Franshion chairman Pan Zhengyi said in a statement.

Franshion is buying a 54.87 percent stake in Jin Mao from Sinochem and the rest from seven shareholders, including China Minmetals Corp.

The deal involves payment of 4.38 billion yuan (\$630.5 million) of cash to Sinochem and the other shareholders. The remainder will be settled through the issue to Jin Mao's shareholders of 2.46 billion new shares at HK\$3.43 each.

Franshion also said it was in preliminary talks with its ultimate parent, Sinochem Corporation, on the possible acquisition of interests in Shanghai Yin Hui Property Development Co Ltd, but no agreement had yet been reached.

**Source: Anne Marie Roantree and Lincoln Feast**



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