

CITIC Guo'an gets nation's first-ever acquisition loan

The China Development Bank signed a contract Tuesday to extend 1.63 billion yuan (\$240 million) in acquisition loan to the CITIC Guo'an Group, the first such case after the country allowed banks to issue acquisition loan last month.

The CITIC Guo'an would use the loan to increase its shareholding in the Baiyin Group, a non-ferrous metal processing company in northwest China's Gansu province.

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CITIC Guo'an planned to spend 3.26 billion yuan to bring its stake in Baiyin Group to 45 percent. However, CITIC Guo'an's previous percentage of shareholding was not available yet.

CITIC Guo'an, a subsidiary company of the CITIC Group, covers information industry, hi-tech, natural resources development and real estate development.

The China Banking Regulatory Commission (CBRC) allowed commercial banks to provide loans to domestic enterprises conducting acquisition both at home and abroad, starting from December of 2008.

Commercial banks, including domestic urban and rural commercial banks and foreign banks in the country, must meet certain criteria to initiate the business. These included a capital adequacy ratio above 10 percent and a loan loss provision taking up more than one percent of the total loan, among others.

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