

## Fortis asset sale may not impact Ping An

Fortis shareholders' approval of the sale of its banking units to French bank BNP Paribas SA will not affect the financial performance of Ping An, the largest single shareholder in the Belgian company, experts said.

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Shareholders at a meeting in Ghent, Belgium, on Tuesday endorsed the sale with a 73 percent majority, though Ping An voted against the deal, as it believes the dismantlement of Fortis violates corporate governance procedures and destroys shareholder value.

"Since Ping An has written off some 22.8 billion yuan on its stake in Fortis, or 95 percent of its total investment, the result could hardly be worse," said Wang Xiaogang, a senior insurance analyst with Shanghai-based Orient Securities.

Ping An has lost about \$3 billion on its investment, after Fortis foundered at the height of the credit crisis last October. The Dutch and Belgian governments took control of Fortis, a financial services firm that was overloaded with debt from its part in the acquisition of ABN Amro.

Wang believes that the worst is over for Ping An. "If there is any change in the future, it should be positive," said Wang.

Ping An Insurance (Group) Co, the country's second largest insurer, said in a statement yesterday that the changes in Fortis will not have a negative effect and it would continue to communicate with the relevant parties to protect its legal rights.

Jin Shaoliang, head of the board office at Ping An, has joined the Fortis board. In February, Zhang Zixin, the general manager of Ping An, decided to quit the Fortis board on grounds of being "too busy".

Ping An last year reported its first annual profit decline since listing in 2004 on losses from its investment in what was once Belgium's biggest financial services firm.

Part-owned by HSBC Holdings Plc, Ping An now holds almost 121 million voting shares of the Brussels- and Amsterdam-based company, or about 5.15 percent of the outstanding stock.

The decision to sell the Fortis assets has been prompted by the Belgian government. Ping An had bought the Fortis stake as it wanted to learn from its counterparts on the coordination between the banking and insurance businesses.

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