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# China Mobile buys 20% of Pudong Bank

(Xinhua/Agencies)

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SHANGHAI: China's largest mobile phone service provider became a strategic investor in the Shanghai Pudong Development Bank (SPDB) after a multi-billion dollar stock purchasing deal on Wednesday.

Guangdong Mobile, China Mobile's branch in south China's Guangdong province, bought 2.2 billion shares of at the cost of 39.8 billion yuan (\$5.83 billion), claiming 20 percent of the bank and becoming its second largest shareholder.

The deal would benefit China Mobile's shareholders in the short, medium and long run, said the company's President Wang Jianzhou. It serves as part of a plan to develop mobile phone banking and business services.

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mid-sized lender'sThe deal would also expand the capital adequacy from 4 to 10 percent, enough to support a three-year rapid development phase for the bank, said Wu Yonggang, an analyst with Guotai Junan Securities.

The two companies will launch extensive cooperation with each other, combining their capital and technological advantages, according to a strategic cooperation memorandum.

Shanghai International Group is the largest shareholder of SPDB. China Mobile will not seek to hold more than 20 percent unless consented by SPDB, according to the purchase agreement.

China Mobile would not involve itself in the operation of SPDB, Wang added.