
Lift for insurer's banking goal

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CHINA'S securities regulator has given approval to Ping An Insurance (Group) Co to issue H shares in exchange for stock of Shenzhen Development Bank, the insurer said yesterday.

The China Securities Regulatory Commission has approved Ping An to issue 299.1 million Hong Kong-listed shares to Newbridge Capital, the Asian arm of United States-based Texas-Pacific Group, in a share swap for 520.4 million shares of the Shenzhen bank held by Newbridge, the insurer said yesterday in a filing to the Shanghai Stock Exchange yesterday.

Shenzhen-based Ping An, China's second-biggest insurer, also has approval from the China Insurance Regulatory Commission and the Ministry of Commerce for the deal. Its target, the Shenzhen bank, has also got the green light from the China Banking Regulatory Commission.

Ping An is seeking to boost its banking business to become a financial conglomerate offering banking, insurance, and asset management. Its own banking arm, Ping An Bank, is a small player with few outlets.

Ping An said in June 2009 that it planned to pay 11.4 billion yuan (US\$1.7 billion) for 520.4 million shares in the Shenzhen bank held by Newbridge. Ping An also said then that it would buy up to 585 million shares in the Shenzhen bank for 10.7 billion yuan through a private placement.

Ping An will increase its stake in the Shenzhen bank from 5 percent to 30 percent as a long-term investment.

The Shenzhen bank, a medium-sized Chinese lender, needs new funding to bolster capital and meet regulatory requirements.

TPG bought 18 percent of the Shenzhen bank for US\$155 million in 2004 and was seeking buyers as its entire stake would be available this year after a lock-up period expired.