

China Minsheng Bank raises 3.9b USD in HK IPO

Written by Reuters

Thursday, 19 November 2009 16:24

HONG KONG, Nov 19 (Reuters) - China Minsheng Banking Corp, the country's seventh-largest listed bank, raised US\$3.9 billion when it priced its Hong Kong initial public offering around the mid-point of its indicated range, sources familiar with the deal said on Thursday.

Minsheng Bank is the seventh mainland bank to be listed in Hong Kong and is expected to be the fifth-largest IPO in the world so far this year.

Minsheng, which is already listed in Shanghai, sold 3.32 billion shares, or 15 percent of its enlarged share capital, at HK\$9.08 (\$1.17) each, compared with a range of HK\$8.50 to HK\$9.50, the sources said.

If the lender exercises a 15 percent overallotment option, which many in the market expect, the size of its Hong Kong listing would increase to \$4.5 billion.

Its shares ended Wednesday trade in Shanghai at 8.48 yuan, down 0.7 percent.

At the offering price, Minsheng Bank is valued at 1.7 times 2010 post-shoe basis book value estimated by joint bookrunners.

By comparison, Bank of Communications, China's No. 5 lender, traded at about 2.17 times 2010 book value, while China Merchant Bank and CITIC Bank traded at 2.75 times and 1.66 times book value, respectively, according to a UBS research report.

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Minsheng's IPO, which came after at least two previous failed attempts in the past few years due to poor market conditions, has seen many tycoons and big funds subscribe as investors scramble to tap China's surging economy and massive emerging consumer sector.

The Hong Kong retail tranche was about 160 times oversubscribed, one of the sources close to the deal said. The popularity will trigger the clawback option, raising the retail portion to 20 percent from 5 percent of total offering.

China-focused private equity fund Hopu Investment Management plans to invest up to \$1 billion in Minsheng. Billionaire investor George Soros, Tiger Fund, Temasek, China Life Insurance and China Pacific Insurance Group have committed to buy Minsheng's shares from the institutional portion of its IPO, sources said earlier.

The lender has also pledged five cornerstone investors, including Chinese Estates Holdings Ltd, China Overseas Finance Investment Ltd and Ping An of China Asset Management (Hong Kong) for a combined \$340 million worth of shares, with a commitment not to sell their investments for six months.

Minsheng's trading debut is set for Nov 26, under the symbol '1988'.

The mid-sized lender forecasts 2009 net earnings will jump at least 39 percent to 11 billion yuan (\$1.61 billion).

Minsheng has recognized an about 93 percent loss on an 887 million yuan investment for a 9.9 percent stake in UCBH Holdings Inc.

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UBS, BOC International, China International Capital (CICC), Macquarie and Haitong Securities are handling Minsheng's deal.