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HONG KONG (Dow Jones)--China Minsheng Banking Corp. (1988.HK), which had the largest initial public offering in Hong Kong so far this year, fell on its debut Thursday as it is viewed as expensive compared with bigger Chinese banks and because of concerns over the possible need for fundraising in the sector.

At 0400 GMT, Minsheng Bank was at HK$8.97, off its intraday low of HK$8.95 and 1.2% below its initial public offering price of HK$9.08. The benchmark Hang Seng Index was down 0.9% at 22,417.

The bank's Shanghai-listed A shares were down 3.6% at CNY8.06. The Shanghai Composite Index was down 1.0% at 3256.

Minsheng Bank earlier raised US$3.86 billion after pricing its IPO around the middle of an HK$8.50-HK$9.50 indicative range. Private-equity firm Hopu Investment Management Co. dropped its plan to buy into the IPO because of the pricing, which may have weighed on the bank's debut.

A Hong Kong-based fund manager said Minsheng Bank's H shares are trading at a valuation of around 3.5 times its book value. That is higher than many of the bank's bigger rivals. Bank of China Ltd. is trading at 2.0 times book value and China Construction Bank is trading at 2.7 times, according to data from Morgan Stanley.

Sandra Cai, an analyst at Samsung Securities, said Minsheng Bank's operating costs are also higher than its rivals, weighing on the lender's net profit outlook.

"We think cost savings will be difficult, given its current business focus is to enlarge market share through branch expansion, marketing, and an attractive incentive plan to motivate staff," Cai said.

Despite China's banking regulator saying it doesn't plan to increase banks' minimum capital requirement for now, speculation that it will do so continues to weigh on the sector.

At 0400 GMT, China Construction Bank fell 2.5% to HK$6.97 and Industrial & Commercial Bank of China Ltd. was down 2.1% at HK$6.66.

"We see capital pressure for the Chinese banking sector," said Morgan Stanley analyst Minyan Liu. "However, it's worth noting that the capital is mainly driven by the growth outlook over the long run. We see pressure, but not panic."