



Nova Insurance set to fully acquire China arm by year-end

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[Brokers](#)[Strategy](#)[China](#)[Hong Kong](#)[Beijing Nova Insurance](#)[Nova Insurance](#)

Hong Kong-based insurance broker Nova Insurance Group, a subsidiary of Hong Kong-listed FSE Lifestyle Services, has agreed to fully buy out the shareholders of Chinese broking business Beijing Nova Insurance Services by the end of this year.

Following the transaction, Beijing Nova will become an indirect wholly owned subsidiary of FSE Lifestyle Services and operate as part of Nova Insurance Group.

The deal will see the group acquire 24.9% shares of the Chinese broking business owned by Hong Kong-based Nova Risk Services, which is owned by privately held FSE Holdings. The group will also buy out the shares of Beijing Nova owned by local investors – Sheng Gao and Baohua.



Sheng Gao owns 40.1% of the business while Baohua has a 35% stake in the insurance broking business.

The transaction, which is expected to close before the end of this calendar year, values the Chinese broker at CNY143 million (US\$19.7 million).

“After the transaction’s approval, there will be no change in management and no changes in daily operations. The China operation will still be run by managing director Conrad Wong and retain the existing China team,” said Patrick Chan, managing director of Nova Insurance Group.



The acquisition was originally intended to be completed by end of June this year but the closing date has been pushed back as the purchaser has in June exercised its right to extend the long stop date of December 31, 2024, to allow for more time to fulfill certain conditions precedent.

Beijing Nova has a nationwide licence and has been operating in the country since 2003.

“Setting up a broker in China is quite difficult given the regulator requires CNY50 million in paid up capital for a licence. We are probably the only Hong Kong broker with a nationwide licence in China,” Chan (pictured left) said.

Meanwhile, Beijing Nova Insurance Services has received approval from the National Financial Regulatory Administration (NFRA), China’s financial regulator, to open a Suzhou branch. This will be the third branch for the Beijing-headquartered broker in the country, beyond its Shanghai and Guangzhou branches.

“The Suzhou branch licence is for the whole Jiangsu province, which allows us to do business across the province and not just the city,” said Wong (pictured right).

“Having a branch allows us to do business locally and be closer to the clients,” he added.

Nova already has an office in Suzhou and has hired employees locally and is looking to add more staff, said Wong.

Guangdong and Jiangsu are among the most commercial provinces in the country and allows Nova to service clients in the region, he added.

“In terms of premiums, Shanghai, Shenzhen and Jiangsu provinces are the three biggest regions in China by far,” Chan noted.

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