

21st April 1999

FIRST PACIFIC TERMINATES TALKS TO SELL FIRST PACIFIC BANK

First Pacific announced today that it has terminated discussions regarding the sale of its investment in First Pacific Bank.

Following confidential expressions of interest in First Pacific Bank that were initially received last year, the Group - as stated in March - entered into discussions with a leading international financial institution regarding the purchase of its 41.3 per cent interest in the Bank.

In view of the fact that this transaction would not further its objective of creating significant value for its shareholders, the Group has now ended these talks. While the Group will continue to review its strategic alternatives regarding the Bank, there are currently no plans to engage in discussions with any other potential purchasers.

First Pacific Managing Director Thomas Yasuda said: "First Pacific is in a strong financial position, following its restructuring activities over the last year and a half, and we will not enter into transactions that cannot secure significant value for the Group and its shareholders.

"We have achieved a solid record of obtaining value through recent disposals and our acquisition of PLDT, and we intend to continue to work toward this objective.

"First Pacific Bank is well positioned to enhance its standing as a key bank serving Hong Kong's middle market. It is strongly capitalized - with a capital adequacy ratio of 20 per cent and an average liquidity ratio of 48 per cent (compared with the Hong Kong Monetary Authority's requirement of 25 per cent) - and it possesses a seasoned management team, as well as a number of core businesses with potential for further development. We are optimistic toward its prospects for future growth," he concluded.