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FIRST PACIFIC'S SMART, NOKIA SIGNED US\$40 MILLION CONTRACT TO BUILD DUAL BAND NATIONWIDE GSM NETWORK IN PHILIPPINES

First Pacific Company Limited announced today that Smart Communications, Inc., the Philippines' leading integrated telecoms provider, has signed a major supply contract with Nokia Telecommunications of Finland initially valued at US\$40 million (HK\$309.8 million) to set up the first nationwide dual band GSM 900/1800 network in Philippines.

Scheduled to be launched in the first quarter of 1999, Smart will run its GSM service side by side with its existing ETACS network which now services over 770,000 subscribers.

Smart's President and CEO, Orlando Veja, said, "Smart has developed a well-deserved reputation for delivering real benefits to the market through the right technology at the right time. With this introduction of dual band GSM, we are once again taking a giant leap and revolutionizing mobile telephony in the country."

"Nokia's capability to provide a high-quality GSM network with the availability of value-added services from day one has proven its success with Smart. Smart will now be able to provide a market-leading network solution for their customers, within a very short roll-out time," said Claus Karthe, President of Nokia Philippines.

Under the agreement, which was signed today by Smart's President and CEO Orlando Veja and Nokia Telecommunications' President Sari Baldauf, Nokia will supply a complete GSM network to Smart. It includes the mobile switching center (MSC), home location register (HLR), base station controllers (BSC), base stations (BTS), short message service center and network management system. Deliveries will commence immediately.

Nokia has delivered dual band networks to a number of the world's leading operators and was the first manufacturer to gain type-approval for a dual band base station. Nokia-supplied dual band networks are now operating in 14 countries including Finland, Germany and UK.

With worldwide demand for GSM 1800 growing, dual band networks will expand rapidly in the next few years, with total GSM subscribers reaching 200 million by the year 2000.

Anastacio Martinez, Head of Smart's Personal Communications and Mobile Service Division, said, "The world is going dual band. For Smart, going GSM 900/1800 enables us to leapfrog our competitors who are using only single band GSM and to offer a truly world class digital service.

"Amongst others, dual band specifically facilitates wider and easier international roaming, particularly as starting next year, more and more operators go GSM 1800 and dual band. More importantly, dual band will facilitate an open interface into the next generation of voice and

data services like Global Positioning System or GPS, image transmission and mobile video conferencing," he added.

Smart commenced commercial operations in 1994 and took the leadership in the Philippine cellular market in 1997. It now has over half the market in terms of subscriber base.

A joint venture between First Pacific Company of Hong Kong, the Nippon Telegraph and Telephone Corporation and a group of local investors, Smart operates a local exchange network in its assigned service areas, an international gateway facility and provides data transmission and multimedia services through its subsidiaries, Smart NTT Multimedia Inc. (SNMI) and InterCommerce Network Services, a joint venture with a General Electric unit.

With this cooperation, the number of operators to which Nokia supplies GSM technology increases to 75 operators in 37 countries. Nokia ranks as the world's largest supplier of GSM networks and one of the two largest in GSM 900. A leader in the cellular industry in many markets in Asia Pacific, Nokia provides innovative and industry-leading technology and products to over 30 diverse markets in the region.

Nokia is one of the world's leading mobile phone supplier and a leading supplier of mobile and fixed telecom networks including related customer services. Nokia also supplies solutions and products for fixed and wireless datacom, as well as multimedia terminals and computer monitors. In 1997, net sales totaled US\$9.8 billion (HK\$75.9 billion). Headquartered in Finland, Nokia is listed on five European Stock Exchanges and on the New York Stock Exchange (NOK.A), has sales in 130 countries and employs more than 42,000 people worldwide.