

\$150m bank sale likely

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By EVA TO

ONE of the smallest locally-owned banks in Hongkong, Tai Yau Bank, is expected to be sold soon.

The prospective buyer is Mr W.K. Chan, a Filipino-Chinese, who owns YHY Food Products and was vice-chairman of Allied Capital Resources until July.

The Ko family, which owns the bank, is believed to be finalising an agreement with Mr Chan, including the level of premium for the bank and determining the status of some loans.

Tai Yau's customer base is built on the Tak Shing group and other interests of the Ko family. The bank does not have a subsidiary.

The Ko family's willingness to relinquish the bank's ownership is believed to be a result of the increasing difficulties faced by small local banks in the face of waning depositor confidence following the banking crisis of the past few years.

Bankers estimate Tai Yau should attract a premium of not less than \$30 million in the current market situation.

With capital and reserves of \$124.83 million at the end of last year, the bank is expected to change hands for more than \$150 million.

The status of some loans is believed to be a major area of talks between the two parties.

Total advances to customers' and other accounts, less provision, as at December 31, was \$73.48

million, but the value of doubtful loans involved is believed to be much less.

Mr Chan has been a senior executive with Allied Capital Resources, a licensed deposit-taking company, since 1979.

He resigned from the vice-chairmanship of the company in July this year, and announced a proposal to acquire the ownership of the Hong Nin Bank. That bid subsequently failed.

He no longer holds any position in Allied Capital Resources, a wholly-owned subsidiary of Allied Banking Corp, the sixth-largest bank in the Philippines.

The operational difficulties of the bank are indicated by its shrinking loan approvals over the past year.

Advances to customers' and other accounts, less provision, as at December, 1984, was \$92.37 million. That was trimmed to \$73.48 million last year.

The authorised and paid-up share capital of the bank is \$100 million.

Current, deposit and other accounts, including provision for taxation, totalled \$172.49 million last year and \$124.53 million in 1984.

Net profit after taxation also showed a downturn last year, to \$8.48 million from \$8.96 million in 1984.

According to the bank's latest annual report, its 12 directors are all members of the Ko family, with Mr Ko Fook-chuen as chairman.