
Press Releases

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19 January 1998

CA Pacific Group Companies

The Securities and Futures Commission announces that, in the interest of the investing public, it has obtained undertakings from certain registered entities of the CA Pacific group (see attached list) to refrain from the conduct of business except with the prior written consent of the Commission. From this morning onwards, the Commission, with the assistance of a firm of independent accountants, has been enforcing the terms of the undertakings. CA Pacific Securities and CA Pacific Futures are suspended from trading in the Stock and Futures Exchanges.

The measures were taken in order to preserve the rights of the clients of the registered entities and will be in place until the SFC is satisfied that clients will be dealt with fairly and equitably. Meanwhile, the Commission will be closely monitoring compliance with the undertakings and will be working with CA Pacific management to ensure that client requests are processed expeditiously. The Commission may take further steps if and when considered necessary.

The SFC has been in discussion with the CA Pacific group over the weekend. The SFC was informed that one of the group companies, CA Pacific Finance Limited, a money lending business which is not registered with the SFC or the Hong Kong Monetary Authority and therefore not under any prudential supervision, is experiencing financial difficulties caused by over-concentration of three loans, one of which is a very large non-securities related loan. CA Pacific Finance lends money to the margin clients of CA Pacific Securities and operates in the same premises.

Although from all indications, the registered entities are in compliance with relevant rules and client assets are properly segregated, the SFC can no longer be satisfied that the interests of the client assets can be adequately protected without undertakings from the registered entities. Meanwhile, the Commission has been

informed that a petition for the winding-up of CA Pacific Finance has been presented by a member of the group. It is understood that an application to appoint a provisional liquidator will be made soon. The Commission believes that the appointment of the provisional liquidator will protect the creditors of CA Pacific Finance, among whom are the margin clients from CA Pacific Securities. The Commission will work with the provisional liquidator to ensure that the interests of margin clients are fully protected.

Clients and investors may call the following hotlines operated by the registered CA Pacific entities: 2147 0708, 2147 0657, 2892 2858, and 2802 1162. The hotlines are operated between 9am and 9pm. The offices of CA Pacific Securities are already closed today and will be open at 9am tomorrow.

Investors can also call the SFC Hotline at 2840 9333. As of 5pm today, the SFC Hotline has received 61 enquiries.

Undertakings were obtained from :

1. CA Pacific Securities Limited
2. CA Pacific Futures Limited
3. CA Pacific Forex Limited

For further information, please contact Bill Weeks at 2840-9289 or Chan Chi-keung at 2842-7624.

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