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## Chung Shing sale fails again

By Joyce Huang

STAFF REPORTER

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The fate of debt-ridden Chung Shing Bank (中興銀行) was again up in the air as the Ministry of Finance's second attempt to publicly sell off the bank failed in yesterday's bidding process.

"The pricing discrepancy [between bidders and the government] was too big to close the deal," Vice Minister of Finance Susan Chang (張秀蓮) said yesterday.

Chang refused to reveal bid amounts or say what the ministry's floor price was.

Yesterday's tender was the second attempt to sell off the bank, which first went on the auction block in January.

The Land Bank of Taiwan (土銀) and Cerberus Asia Ltd -- a US-based asset management company -- participated in yesterday's auction.

But Cerberus' managing director Jaideep Krishna and Land Bank Chairman Wei Chi-lin (魏啟林) refused to comment on the hours-long process.

A major sticking point is how much the government should pay the successful bidder to take over the bank, which is holding a portfolio in which 57.24 percent of the loans are thought to be bad.

According to Chang, the government's Financial Restructuring Fund (金融重建基金) set a base price before accepting bids yesterday. Auction organizer Central Deposit Insurance Corp (中央存保) was authorized to close the deal within 10 percent of the base price.

"Naturally, all I can say is that the price discrepancy was greater than 10 percent," Chang said.

She also refused reveal to details of several independent assessments of Chung Shing's financial portfolio, saying only that "the bank was further in the red after its March assessment."

The finance ministry's March assessment found that the bank was in the hole by NT\$29.8

billion and was likely to cost the government more than that amount when sold off.

Lee Yung-san (李庸三), minister of finance, told legislators recently that it may cost the government as much as NT\$40 billion to convince someone to take Chung Shing off its hands.

Market analysts have put the figure at NT\$60 billion, which is all that is left in the Financial Restructuring Fund.

After yesterday's bidding process failed, Chang said the fund plans to change conditions of the sale to make it more attractive to buyers. She said Chung Shing's impaired assets and non-performing collateral will be negotiated separately.

"The condition is that the government will be entitled to share in the gains or shoulder part of losses with the actual return of these non-performing collateral later on within a certain period of time, say, three to five years," Chang said.

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