

12th June 1998

FIRST PACIFIC CONTINUES TO CANCEL CONVERTIBLE BONDS

First Pacific Company Limited announced today that it has continued repurchasing its five-year convertible bonds from the market, benefiting from the discount that continues to be applied to their pricing.

The Company purchased a further US\$6 million in bonds from various institutions at prices of between 86.5 per cent and 88 per cent of their face value. Including previous purchases made over the last several weeks, the face value of outstanding bonds has been reduced to US\$309 million from the US\$350 million that were issued in March 1997.

By paying approximately US\$36 million to cancel US\$41 million of face value of the convertible bonds, First Pacific has reduced by US\$14 million the amount it must pay to redeem the bonds in 2002. As a consequence of the repurchases, First Pacific also books a profit by writing back a portion of the premium for the bonds that was accrued in last year's accounts. So far this year, the profit to be written back amounts to US\$1.5 million.

Under the terms of their issue, the bonds may be converted into shares up until March 2002 at a strike price of HK\$12.25 per share. Should the bonds fail to be converted they would be redeemed at a price of 134 per cent of their value, which implies an annual yield of approximately 9 per cent including of their 2 per cent coupon.