

10th September 1998

FIRST PACIFIC CANCELS US\$30 MLN MORE OF CONVERTIBLE BONDS

First Pacific Company Limited announced today that it has canceled a further US\$30 million of its five-year convertible bonds by purchasing them from the market, resulting in a profit of US\$8.5 million that will be booked in the second half.

The Company acquired the bonds from various institutions at an average price of 79.25 per cent of their face value. Including purchases made in May and June, the face value of outstanding bonds has been reduced to US\$268 million from the US\$350 million that were issued in March 1997.

By paying today approximately US\$23.8 million to cancel the US\$30 million of face value of the instruments, First Pacific has reduced by US\$40.2 million the amount it must pay to redeem the bonds upon their maturity in 2002. As a consequence of the repurchases, First Pacific will book a profit by writing back US\$2.3 million of the premium for the bonds that has already been accrued, in addition to the gain that arises from buying back the bonds at a discount of US\$6.2 million below their par value.

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 face value, which implies an annual yield of approximately 9 per cent, including their 2 per cent coupon. When trading at a price of 79.25, the level at which today's purchases were made, the bonds have an effective yield of 17.5 per cent.