

5th June 1998

FIRST PACIFIC CANCELS FURTHER \$12 MLN OF CONVERTIBLE BONDS; 10% OF ISSUE CANCELED TO DATE

First Pacific Company Limited announced today that it has bought from the market a further US\$12 million of its US\$327 million in outstanding five-year convertible bonds, following last month's purchase of US\$23 million of the instruments.

The US\$12 million in bonds were acquired from various institutions at prices of between 86.1 per cent and 88.0 per cent of their face value.

Under the terms of their issue, the bonds - of which US\$350 million were issued in March 1997 - 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 9.6 per cent, inclusive of their 2 per cent coupon. First Pacific has begun to accrue the premium to maturity in its 1997 accounts.

By paying approximately US\$31 million to cancel a total of US\$35 million, or 10 per cent of the face value, of the convertible bonds, First Pacific will reduce by US\$47 million the amount it must pay to redeem the bonds in 2002.