

**20th May 1998**

**FIRST PACIFIC CANCELS FURTHER US\$3 MLN OF CONVERTIBLE BONDS**

First Pacific Company Limited announced today that it has bought from the market a further US\$3 million of its US\$330 million in outstanding five-year convertible bonds, following Monday's purchase of US\$20 million of the instruments.

The US\$3 million in bonds were acquired from various institutions at prices of between 87.8 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 face 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\$20 million to cancel the total of US\$23 million of face value in convertible bonds, First Pacific will reduce by US\$31 million the amount it must pay to redeem the bonds in 2002.