11th January 1998

FIRST PACIFIC ANNOUNCES DISPOSAL, INVESTMENT PROGRAMS

In order to best position First Pacific Company Limited to address the prevailing adverse economic climate and to benefit from the region's eventual economic recovery, the Company has sharpened its strategic focus on the following three central principles:

- Strengthen the Company's balance sheet and cash flows.
- Concentrate the Company's activities geographically in the Asia-Pacific region where extensive experience has been accumulated and investment opportunities are emerging.
- Consolidate the Company's investments into fewer but larger businesses located in the region.

Accordingly, the Company has determined that it will implement disposal and investment programs that are based on these guiding principles. The programs are designed to enhance future earnings, as well as to reaffirm First Pacific's character as an Asian company and its commitment to the region. The Company considers that steps taken at this time to build a stronger cash position are both prudent and opportune in the current environment.

DISPOSAL PROGRAM

The disposal program, which is intended to crystallize shareholder value that has been created in recent years, is expected to realize approximately US$2 billion, on the basis of prevailing market values.

Pacific Link

Further to its announcement of 2nd January 1998, First Pacific has received in cash approximately US$321 million from the disposal of its 65 per cent interest in, and repayment of a facility with, Pacific Link Communications Limited, and expects to receive a further HK$150 million within the next few weeks. An additional amount, which will be determined after the finalization of the Pacific Link closing accounts, is expected to be received in the second quarter of 1998. The sale, contracts for which were executed on 31st December 1997, will enable the Company to book an exceptional profit of approximately US$70 million, which will be substantially booked in 1997.

Following the sale, which was completed on 8th January 1998, the Company will focus its efforts in the telecommunications sector in those Asian markets where it can be the dominant player or a strong second operator.

Hagemeyer

Since the Company's purchase of Hagemeyer N.V. in 1983, Hagemeyer has grown from a relatively small trading house into a leading international marketing and distribution company. Although Hagemeyer is regarded as a valued asset with excellent potential, divestment of the Company's stake is consistent with First Pacific's strategy of focusing on the Asia-Pacific region and will also allow the Company to realize substantial shareholder value.

The Company has appointed ING Barings and UBS to act as advisors in connection with the proposed sale, subject to market conditions and shareholders' approval, of its entire 40 per cent holding of Hagemeyer's ordinary shares. The Company's stake in Hagemeyer has a current market value of approximately US$1.6 billion.

The management of Hagemeyer is fully supportive of the Company's decision and intends to participate actively in the disposal process with a view to the shares being widely distributed in an orderly manner.

Other businesses
The Company is also reviewing the disposal of non-core assets held by various subsidiaries. No specific companies have yet been identified for sale.

INVESTMENT PROGRAM
As the Company continues to believe in the long-term prospects of the Asia-Pacific region, its investment program is intended to strengthen its ability to achieve sustainable growth in the new economic order that is expected to emerge from the region's recent economic developments.

Metro Pacific
The Board of Metro Pacific has given approval in principle for a rights issue that would raise an amount of up to Pesos 14 billion (approximately US$300 million at current exchange rates), which is expected to be completed within the first half of 1998.

The rights-issue proceeds will be used primarily to retire a significant portion of Metro Pacific's head office debt and to support the approved capital expenditure program of Smart Communications, Inc.

First Pacific, which currently has an effective economic interest of approximately 70 per cent in Metro Pacific, supports the rights issue and, subject to finalizing terms, will subscribe to its proportional share of any such issue. Taking up its full allotment would cost approximately Pesos 10 billion. The Company is prepared to take up the full Pesos 14 billion should other shareholders not wish to participate in the offer.

As part of its own strategic review, Metro Pacific is also considering the possible disposal of certain non-core assets. However, it will maintain its existing 61 per cent stake in Bonifacio Land Corporation as a core investment.

Other operations
The Company continues to closely monitor the financial requirements of its subsidiaries around the

region, where there are fundamentally solid long term growth prospects. Following asset disposals, the Company intends to make available up to a further US$200 million to fulfill the approved capital expenditure and investment programs of other subsidiaries and to strengthen their balance sheets, where necessary.

Other use of proceeds

The Company intends to use a portion of the proceeds of asset disposals to reduce substantially head office indebtedness. Prior to the sale of Pacific Link, First Pacific's head office net indebtedness totaled approximately US$900 million, including US$350 million in convertible bonds. It is anticipated that up to US$384 million of short-term debts will be repaid within the first half of 1998, and that US$226 million in floating rate notes will be prepaid before the end of 1999, leaving only the convertible bonds of US$350 million outstanding as head office indebtedness.

CASH POSITION

Assuming that the completion of the investment and disposal programs proceed as described above, the Company anticipates that it would have no bank debt and would have cash of approximately US$900 million available for additional investments in the region.

OTHER RELEVANT FINANCIAL INFORMATION

In light of recent events in the regional economies, the Company believes that investors would find useful other information regarding the impact on the Company of regional currency depreciations. The following financial information contains latest estimates based on the Company's unaudited management accounts. Accounting policies and ratio and net-asset value calculations are consistent with those applied in the preparation of the 1996 Annual Report.

Impact of Foreign Currencies

The regional currency depreciations have affected the Company's consolidated financial statements as follows:

Profit and Loss Account - Recurring income from operations

Where local currencies have depreciated against the US dollar, local currency results are less when expressed in US dollar terms. Currency depreciations during 1997 are estimated to have had an adverse effect on 1997 recurring income from operations of approximately US$25 million. Income from operations in 1996 was US$243.2 million.

In accordance with generally accepted accounting principles, it is the Company's accounting policy to translate the profit and loss statements of overseas subsidiary companies into U.S. dollars using average rates of exchange for the period. A comparison of average exchange rates follows:

	1997	1996	% depreciation

US$:Peso	30.00	26.22	12.6
US$:Baht	32.20	25.36	21.2
US$:Rupiah	2,957	2,332	21.1

Profit and Loss Account - Exceptional items

The Company took a decision in 1996 to hedge its currency exposure wherever practicable, as unhedged U.S. dollar liabilities may give rise to local currency exchange losses where there has been a relative currency depreciation. Of the estimated US$3.2 billion of consolidated net indebtedness (total group borrowings, including loan capital, less cash balances), an estimated US$560 million relating to the Company's regional operations is unhedged (principally in the Company's Philippine operations where the ability to hedge foreign currency exposure is limited). The Company's share of the unrealized foreign exchange loss arising from this unhedged indebtedness is estimated to be approximately US$70 million and will be recognized as exceptional in the Company's 1997 consolidated profit and loss statement. Due to gains arising, principally from asset disposals, net exceptional items for 1997 - including unrealized foreign exchange losses - are not expected to be significant.

Balance Sheet

As at 31st December 1996, investments in subsidiary companies was approximately US$900 million. This has been reduced when expressed in U.S. dollar terms where investments are held in currencies that have depreciated. The estimated adverse effect on the book value of such investments is approximately US$300 million and this will be treated as an adjustment to total equity in the consolidated balance sheet for 1997.

In accordance with generally accepted accounting principles, it is the Company's accounting policy to translate monetary assets and liabilities at the rates of exchange ruling at the balance sheet date.

A comparison of closing exchange rates follows:

	1997	1996	% depreciation
US$:Peso	39.86	26.29	34.0
US$:Baht	48.20	25.63	46.8
US$:Rupiah	4,975	2,363	52.5

It is too early to predict the effect of regional currency fluctuations on the Company's 1998 results.

Head Office - Net Debt Position

The estimated net debt position at 31st December 1997, as set out below, is stated prior to the receipt of any Pacific Link and other proceeds from the disposal program.

(US$ millions)	Actual position 31/12/97	Actual position 30/6/97	Actual position 31/12/96
Convertible bonds, payable 2002	350	350	-
Floating rate notes, payable 1999-2003	226	226	226
Other loans	384	174	154
Cash	960	750	380
Net debt	(60)	(90)	(50)
	900	660	330
	===	===	===
Gearing	75%	83%	41%
Interest cover	3.0x	3.5x	2.4x

The Company's average cash borrowing cost for 1997 is estimated at 5.0 per cent. In 1996, the average borrowing cost was 6.8 per cent.

Consolidated - Net Debt Position

Proforma net consolidated indebtedness is determined after deconsolidating the estimated indebtedness of Pacific Link and Hagemeyer, and including the disposal program's estimated proceeds of US$2 billion, a portion of which would be utilised as set out in the investment program. The estimated ratios would be:

(US$ millions)	Proforma position 31/12/97	Estimated actual position 31/12/97	Actual position 31/12/96
Net consolidated indebtedness	300	3,200	2,024
Gearing	10%	93%	85%

Interest cover	14.0x	4.1x	4.8x

The Group's average borrowing cost for 1997 is expected to be comparable with the average borrowing cost in 1996 of 8.0 per cent.

NET ASSET VALUE

The Company's share price of HK$2.15 at the close of business on Friday, 9th January 1998 represented a discount of approximately 67 per cent to the Company's estimated net asset value of HK$6.55 per share (as at 9th January 1998), as adjusted for the appraised and current quoted values of the Company's investments.

DIVIDENDS

It is the Company's intention to continue paying regular dividends calculated with reference to basic earnings per share excluding net exceptional items. The actual level of regular dividend payout will be determined as a function of business conditions and the Company's prevailing cash requirements.

In particular, there will be no special dividend paid in the event that the Company completes all or part of its disposal program.

OTHER OPPORTUNITIES

First Pacific has been seeking significant investment opportunities with particular long-term potential in its core business areas within the Asia-Pacific region.

Among such opportunities is San Miguel Corporation, in which the Company, acting through Philippine affiliates, accumulated in 1997 a stake of approximately two per cent at a cost of less than US$70 million. In addition, these affiliates have engaged in amicable discussions with certain parties involved in San Miguel regarding the possibility of making a substantial strategic investment in San Miguel. However, there has not been recent progress in these discussions.

No agreement has been concluded with these parties that would result in further shares in San Miguel being acquired by the Company or its Philippine affiliates. The Company wishes to emphasize that it will not proceed with the overall investment unless it concludes that the transaction meets the Company's established investment and management requirements.