

**20th March 1998**

## **FIRST PACIFIC AGREES TO SELL ITS STAKE IN HAGEMEYER**

First Pacific Company Limited today announced that it has agreed to sell its entire 39.7 per cent stake in Hagemeyer N.V., its Dutch-based marketing and distribution affiliate, following a nine-day bookbuilding and roadshow program in the Netherlands, the rest of Europe and the United States.

The agreement covers the sale of 35.6 million shares of Hagemeyer at NLG89 (HK\$334) per share to a broad range of international financial institutions, and a further 5.3 million shares which have been reserved for a "greenshoe" which can be exercised by 24th April at the same price by the offering's managers. This price is approximately 11 per cent above Hagemeyer's closing price when First Pacific announced, on 12th January 1998, its intention to sell.

The cash proceeds from the offering, which was joint-lead managed by ING Barings and SBC Warburg Dillon Read, are expected to be received by First Pacific by 25th March 1998. Assuming the greenshoe - which has been set aside to help ensure adequate liquidity exists for the shares in the secondary market - is exercised in full, the transaction will raise net proceeds of approximately US\$1.7 billion (approximately HK\$13.6 billion). This ranks it as one of Europe's largest ever private-sector placements.

The proceeds of the sale of the entire stake are equivalent to HK\$5.60 per First Pacific share, representing a premium of 44 per cent above Thursday's closing price of HK\$3.90 per share.

First Pacific's Managing Director Manuel V. Pangilinan said: "The successful disposal of our Hagemeyer holding is the critical step in First Pacific's strategy to crystallize shareholder value and position itself to benefit from opportunities arising in Asia. Proceeds from our overall disposal program, which also included the sale of Pacific Link, our telecoms subsidiary in Hong Kong, will be used to pay down First Pacific's head office bank debt, to strengthen our remaining businesses and to acquire attractive businesses around the region."

Hagemeyer has generated a cash return for First Pacific averaging approximately 24 per cent per year for the last 15 years. Its sale will result in an exceptional profit for First Pacific of well in excess of US\$500 million, which will be recorded in the first half results this year.