

FIRST PACIFIC COMPANY LIMITED
PRESS RELEASE

Wednesday, 5 June 2002

FIRST PACIFIC AND GOKONGWEI GROUP PARTNER IN JOINT VENTURE ARRANGEMENTS

Memorandum of agreement

First Pacific today announced that on 4 June 2002, it entered into a legally-binding memorandum of agreement with the Gokongwei Group for the establishment of joint venture arrangements in relation to First Pacific's existing interests in PLDT and BLC.

The transaction values First Pacific's 24.4 per cent economic interest in PLDT at US\$925 million. In addition, First Pacific expects to receive US\$105 million in cash, being an amount equivalent to that outstanding on the secured loan from Larouge.

Under the terms of the agreement, First Pacific will inject its entire 24.4 per cent economic interest in PLDT and its 50.4 per cent secured economic interest in BLC, being part of the First Pacific Group's total interest in BLC, into the new joint venture arrangements. The Gokongwei Group will acquire a two-thirds interest in the joint venture arrangements for US\$616.6 million in cash, of which US\$300 million will be received in cash within ninety days of closing. The balance will be paid on interest-bearing deferred terms.

First Pacific will hold the remaining one-third interest in the new joint venture arrangements, and both First Pacific and the Gokongwei Group will have proportional representation on the boards of the relevant joint venture vehicles, PLDT, BLC and other relevant operating companies.

In addition, First Pacific expects to receive, from the joint venture arrangements, US\$105 million in cash over a period of three years. This amount is equivalent to the US\$90 million of principal and US\$15 million of interest that is outstanding on the Larouge loan that was extended to MPC in April 2001. The principal outstanding will be paid on interest-bearing deferred terms.

First Pacific's interest in MPC, and MPC's remaining 22.5 per cent interest in BLC, will not be injected into the joint venture arrangements.

The transaction is subject to various approvals, including the approval of First Pacific's shareholders, details of which, as well as other relevant and related information, are outlined on the attached summary.

Further documentation in relation to the detailed terms and conditions will be entered into on or around 30 June 2002, and the transaction is expected to close in the third quarter of 2002.

Rationale

First Pacific was originally conceived as a public company that would actively manage its investments to enhance their value to shareholders. Following an extensive restructuring exercise in the late nineties, in response to the Asian economic crisis, First Pacific's investments are now largely listed businesses in the Philippines and Indonesia. In order to fund further growth and expansion at the First Pacific level and provide its shareholders with a return on their Philippine investments, First Pacific is seeking to monetise certain of these assets through a partial disposal. Accordingly, First Pacific is retaining a significant residual interest in, and continuing influence over, these market-leading franchises because First Pacific remains convinced that there is long-term inherent value still to be realised in PLDT and BLC.

The transaction would significantly enhance First Pacific's financial position as it enables First Pacific to return to being an active investor, and to return value to its shareholders. Moreover, the retained interest enables First Pacific, as an active long-term investor, to continue to participate in the management of its Philippine business interests, the future growth of which is to be achieved with a strong Philippine partner.

In this regard, the Gokongwei Group has an extensive and relevant history of business experience in the Philippines. The Gokongwei Group has indicated that it will be supportive both to PLDT's business development efforts as well as its on-going initiatives with regard to cost controls and liability management. With respect to BLC, the introduction of the Gokongwei Group as an additional and new real estate developer, will advance the expansion of the project, thereby expediting the attainment of critical mass that is essential to a project of the scale, ambition and magnitude of the Bonifacio Global City. In fact, the Gokongwei Group only recently has entered into a memorandum of understanding with FBDC to construct a six-hectare retail, residential and hotel complex at Bonifacio Global City.

Moreover, the transaction addresses MPC's outstanding obligations in respect of the Larouge Loan, thereby resulting in a US\$105 million reduction in MPC's liabilities. The transaction would enable MPC to focus its efforts on addressing its residual financing issues as it should provide an improved outlook for its remaining investments in the Bonifacio Global City, which would be further augmented by improvement in the Philippine property sector, thereby enhancing MPC's ability to conclude satisfactory arrangements with its creditors.

Use of proceeds

First Pacific intends to use the proceeds to repay US\$187 million of debt; to make future investments and acquisitions (although none have been specifically identified as of today); and for general corporate purposes.

Furthermore, First Pacific's board of directors intends to propose a dividend plan, for consideration and approval by First Pacific's shareholders at a special general meeting to be convened. First Pacific's principal shareholders the 'Liem Investors', collectively the members of the Salim, Djuhar, Sudwikatmono and Risjad families (including Messrs. Sutanto Djuhar, Tedy Djuhar, Ibrahim Risjad and Anthoni Salim, all of whom are non-executive directors of First Pacific) and companies controlled by them, will undertake not to

vote at the special general meeting in relation to the resolution to consider the proposed dividend plan. Accordingly, the shareholders of First Pacific, other than the Liem Investors, will have the ability to approve or disapprove any proposed dividend arrangements.

Advisors

First Pacific has appointed Credit Suisse First Boston and ING as its financial advisors.

Further announcements

Further announcements relating to the transaction and its progress will be made as appropriate.

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Summary of transaction; related information

Proposed transaction:	<ul style="list-style-type: none">- First Pacific to inject its existing 24.4 per cent economic interest in PLDT and its 50.4 per cent secured interest in BLC (being part of the First Pacific Group's total interest in BLC) into new joint venture arrangements. The Gokongwei Group to acquire a two-thirds interest in the joint venture arrangements for US\$616.6 million; First Pacific will hold the remaining one-third interest. - First Pacific to receive, from the joint venture arrangements, US\$105 million in cash, this amount equating to that outstanding in respect of the Larouge Loan.
Consideration:	<p>Determined on the basis of arms' length negotiations, and bore reference to a combination of factors including earnings multiples, asset values and market comparisons.</p> <p>The consideration attributes a per share value of approximately Pesos 1,140 for First Pacific's direct and indirect attributable economic interest in PLDT. This represents a 149 per cent premium to PLDT's closing price of Pesos 457.5 on 5 June 2002, and a 154 per cent premium to PLDT's average closing price of Pesos 448 for the 30 dealing days immediately preceding 5 June 2002.</p> <p>The consideration attributed to First Pacific's 50.4 per cent secured interest in BLC is equivalent to approximately US\$105 million, being the amount outstanding in respect of the Larouge Loan.</p>
Payment:	<ol style="list-style-type: none">1. The Gokongwei Group to pay US\$616.6 million for a two-thirds interest in the new joint venture arrangements. Cash settlement is as follows:<ul style="list-style-type: none">- US\$100 million in cash upon closing;- Two further cash payments of US\$100 million each, 45 days and 90 days, respectively, after closing;- Three further cash payments of US\$50 million, US\$100 million, US\$166.6 million on the first, second and third anniversary, respectively, of closing. These payments, which total US\$316.6 million, will bear interest, payable semi-annually, at six months' US\$ LIBOR plus two per cent. These payments are secured by a pledge over the Gokongwei Group's acquired interest in PLDT. 2. First Pacific to receive US\$105 million, equivalent to the principal plus accrued interest relating to the Larouge Loan. Payment to be received in three equal instalments on the first, second and third anniversary of closing. The principal outstanding will bear interest, payable semi-annually, at six months' US\$ LIBOR plus two per cent. Interest accrued on the loan to the date of closing, will not bear further interest. These payments are secured by a pledge over the Gokongwei Group's acquired interest in BLC.

Summary of transaction; related information (Continued)

<p>Conditions:</p>	<ul style="list-style-type: none"> – Limited scope due diligence, with provisions for a price adjustment should the due diligence reveal a material adverse change of US\$50 million or more; – The obtaining of all necessary consents, and the completion of a limited intragroup reorganisation to facilitate the establishment of the joint venture arrangements; – NTT Group of Companies, who are signatories to the PLDT Shareholders Agreement, dated 24 March 2000, with the First Pacific Group, not having exercised their right of first refusal or veto (if applicable) under the aforesaid Shareholders Agreement; – Approval of the transaction by First Pacific’s shareholders.
<p>Safeguards established to deal with potential conflicts of interests:</p>	<p>The First Pacific board has taken steps to put in place the necessary safeguards in respect of any potential conflicts of interest arising from directors and other officers of the Company also holding office in other members of the First Pacific Group involved in the transaction. Accordingly, any director or officer of the Company, including Executive Chairman Manuel V. Pangilinan, who has or may potentially have a conflict of interest in this regard is not involved in the consideration of the transaction by First Pacific’s board of directors; will only be entitled to receive publicly available information in relation to the transaction; and will not be privy to confidential information in relation to the transaction.</p>
<p>Financial effects on the First Pacific Group:</p>	<ul style="list-style-type: none"> – On completion, the First Pacific Group will record an unusual gain of approximately US\$200 million; – Consolidated equity will increase by approximately US\$540 million; – First Pacific will continue to equity account for PLDT’s financial results; First Pacific will also equity account for BLC’s financial results, but BLC’s financial results will no longer be consolidated by First Pacific.
<p>First Pacific’s investments post the proposed transaction:</p>	<ul style="list-style-type: none"> – 48.4 per cent economic interest in Indofood; – 8.1 per cent economic interest in PLDT; – Attributable direct and indirect economic interest in BLC of 34.9 per cent, of which 16.8 per cent is held directly; – 80.6 per cent economic interest in MPC; – 49.0 per cent economic interest in Escotel; – 100.0 per cent economic interest in Infrontier.
<p>Information relating to PLDT:</p>	<p>PLDT is the principal supplier of domestic and international telecommunications services in the Philippines. It is listed on the Philippine Stock Exchange. First Pacific holds an aggregate direct and indirect economic interest of 24.4 per cent and a 31.5 per cent voting interest in PLDT.</p>

Summary of transaction; related information (Continued)

Information relating to BLC and the Larouge Loan:	<p>MPC holds a controlling 72.9 per cent shareholding in BLC. BLC, in turn, holds a 55.0 per cent interest in Fort Bonifacio Development Corporation, which is a joint venture project with the Philippine Government that commenced, in 1995, the re-development of a 155-hectare portion of a new Metro Manila central business district (namely the "Bonifacio Global City"), that previously was a Philippine military base.</p> <p>First Pacific holds, as a secured creditor, a 50.4 per cent interest in BLC. In April 2001, Larouge, a wholly owned subsidiary of First Pacific, loaned MPC cash of US\$90 million to enable MPC to repay its convertible bonds that were falling due. The loan was repayable on 31 December 2001 and was secured by a pledge over a 50.4 per cent interest that MPC owned in BLC. In January 2002, MPC advised Larouge that it was unable to repay the loan and accrued interest. The settlement of the outstanding principal and interest, amounting to US\$105 million, is part of the proposed transaction.</p>
Information relating to the Gokongwei Group:	<p>The Gokongwei Group is a Manila-based group whose holding company JG Summit Holdings, Inc. has substantial business interests in real estate and hotels, petrochemicals, branded consumer foods, agro-industrial, commodity food products, airline and telecommunications.</p> <p>The Gokongwei Group is an independent third party not connected with the directors, chief executive or substantial shareholders of First Pacific or any of its subsidiaries or any of their respective associates.</p>

Summary of transaction; related information (Continued)

Adjusted Net Asset Value (NAV)

	<u>31 Dec 01</u>	<u>5 June 02</u>	<u>Post</u> <u>Transaction</u>
<u>Assets</u>	<u>US\$ m</u>	<u>US\$ m</u>	<u>US\$ m</u>
<i>Market value</i> ⁽ⁱ⁾			
- PLDT (24.4% / 8.1%)	333.6	371.2	123.7
- Indofood (48.4%)	264.2	532.5	532.5
- Metro Pacific (80.6%)	87.2	103.3	103.3
	<u>685.0</u>	<u>1,007.0</u>	<u>759.5</u>
<i>Carrying cost</i> ⁽ⁱⁱ⁾			
- Escotel (49%)	63.0	63.0	63.0
- Infrontier (100%)	17.2	19.9	19.9
	<u>80.2</u>	<u>82.9</u>	<u>82.9</u>
 Total assets	 <u>765.2</u>	 <u>1,089.9</u>	 <u>842.4</u>
 <u>Head Office</u>			
- Net (debt)/ cash	(83.3)	(196.1)	103.9
- Redemption premium on CBs	(84.6)	0	0
- Receivables	98.2	105.0	421.6
Total Head Office	<u>(69.7)</u>	<u>(91.1)</u>	<u>525.5</u>
 Total Net Asset Value	 695.5	 998.8	 1,367.9
 Number of shares (million)	 3,139.8	 3,139.8	 3,139.8
Value/share – US\$	0.22	0.32	0.44
Value/share – HK\$	1.73	2.48	3.40
Company's closing HK\$ share price	0.96	1.49	N/A
Discount to NAV	44.5%	39.9%	N/A
 Adjusted NAV by country			
- Philippines	61%	48%	17%
- Indonesia	38%	53%	39%
- Others ⁽ⁱⁱⁱ⁾	1%	(1%)	44%
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>
 Invested capital by country			
- Philippines	72%	72%	46%
- Indonesia	26%	25%	49%
- Others	2%	3%	5%
	<u>100%</u>	<u>100%</u>	<u>100%</u>

(i) Based on quoted share price applied to the Company's economic interest.

(ii) Based on investment cost.

(iii) Includes Head Office net (debt)/ cash and receivables.