

Wednesday, 9 January 2002

**LAROUGE LOAN STATUS; FIRST PACIFIC PLANS TO TENDER FOR CBs
MPC to outline plan to reduce outstanding financial obligations**

First Pacific announces that its wholly-owned subsidiary, Larouge, has been advised by MPC that it is unable to repay the US\$90 million loan, which had been extended by Larouge to MPC in April 2001. The loan was due and payable on 31 December 2001, and was secured by a pledge over shares that MPC owns in BLC.

Larouge, as a secured creditor in respect of a 50.4 per cent equity interest in BLC, will now co-manage, with MPC, the on-going sale of MPC's 69.6 per cent controlling stake in BLC. When agreement is reached for such a sale, First Pacific intends to offer the 50.4 per cent interest in BLC, which it holds as a secured creditor, as part of the sale transaction.

In tandem, MPC is in the process of finalising a plan to reduce its overall existing financial obligations, which plan will be announced no later than the end of February 2002.

Additionally, in order to allay any convertible bond repayment concerns that might exist as a result of this development, First Pacific announces that its wholly-owned subsidiary, First Pacific Capital (1997) Limited, will make a tender offer for all of the convertible bonds currently outstanding. First Pacific will repay the principal amount of US\$208 million, at a total cost including interest and redemption premium of approximately US\$281 million, by US\$90 million of cash on hand and by drawing down sufficient funds from the HK\$1.56 billion (US\$200 million) facility previously announced. The tender offer is subject to the approval of the trustee appointed in relation to the convertible bonds, with whom First Pacific is in discussions. Further details of the tender offer will be announced as soon as discussions with the trustee are finalised.

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Background

BLC

Bonifacio Land Corporation (BLC) is a 55.0 per cent shareholder in 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. MPC, having reviewed strategic alternatives, determined in November 2001 to offer for sale its entire 69.6 per cent controlling interest in BLC and appointed ING Barings to advise it in connection with the disposal. Due, principally, to continued depressed real estate values in the Philippines, MPC has not yet been able to conclude a sale of its interest in BLC. However, MPC remains in discussions with potential purchasers for such interest.

Convertible bonds

In March 1997, US\$350 million of five-year convertible bonds were issued by First Pacific Capital (1997) Limited, a wholly-owned subsidiary of First Pacific, at a coupon rate of 2 per cent. The bonds may be converted into shares up until March 2002 at a strike price of HK\$12.25 per share, and are redeemable at a price of 134 per cent of face value. First Pacific has to date canceled approximately 41 per cent of the amount originally issued, and has accrued the premium to maturity since 1997.

MPC

Metro Pacific Corporation (MPC), which is based and listed in Manila, principally holds property assets, including Bonifacio Land Corporation, Landco Pacific and Pacific Plaza Towers. First Pacific's attributable economic interest in Metro Pacific is 80.6 per cent.