FIRST PACIFIC COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

ANNOUNCEMENT

CONNECTED TRANSACTION

CONDITIONAL SHORT TERM LOAN FACILITY BY FIRST PACIFIC COMPANY LIMITED TO METRO PACIFIC CORPORATION

The Board announces that on 26 March 2001, First Pacific, through its wholly-owned subsidiary, Larouge, entered into a conditional Facility Agreement with MPC. Larouge has agreed, subject to the fulfillment of various conditions precedent as described below, to provide the Facility to MPC in order to provide MPC with the cash resources required to meet the redemption cost under the outstanding Convertible Bonds issued by MPC's wholly-owned subsidiary, Metro Pacific Capital Limited, which are redeemable at the option of the bondholders in April 2001.

The Loan which may be drawn down under the Facility will be secured by a charge over certain of the shares held by MPC in BLC, the project development company in respect of the Fort Bonifacio Global City development in Manila, the Philippines. The Loan will be repayable on demand at any time. If no demand is made prior to 31 October 2001, the outstanding principal amount of the Loan, together with all interest accrued thereon, is repayable on that date; provided that Larouge may, in its absolute discretion, extend the final date for repayment to a date not later than 31 December 2001.

With a final maturity of 31 October 2001, the Facility is short term in nature and is intended to allow the Metro Pacific Group to take advantage of the recently improved political and economic environment in the Philippines due to changes in presidency and administration. These changes have resulted in more favourable conditions in which MPC can seek to raise medium or long-term funding consistent with the long-term nature of the revenue stream expected to be generated from the Metro Pacific Group's property interests.

Proceeds from MPC's anticipated fund raising activities will be used to repay the Loan. If MPC is not successful in raising sufficient medium or long-term funding, it would sell sufficient assets in order to repay the Facility in full. These assets may include the partial or complete sale of its interest in BLC.

Shareholders should note that completion of the Transaction is subject to the fulfillment of various conditions precedent, including, inter alia, approval of the Independent Shareholders of First Pacific and the implementation of various measures by the Metro Pacific Group to address its existing debt position. Accordingly, there is a risk, if the conditions precedent are not fulfilled, that the Transaction will not be completed.

The Transaction constitutes a connected transaction for First Pacific under the Listing Rules and, accordingly, is subject to the approval of the Independent Shareholders of First Pacific at the Special General Meeting. The

Independent Board Committee, which comprises Prof. Edward K.Y. Chen and Mr. David W.C. Tang, has been appointed to advise the Independent Shareholders in respect of the Transaction. Rothschild has been appointed as the Independent Financial Adviser to the Independent Board Committee. Notice of the Special General Meeting convened to approve the Transaction is set out at the end of this Announcement. A circular containing details of the Transaction, a letter of recommendation from the Independent Board Committee and an advice to the Independent Board Committee by Rothschild as to whether the terms of the Transaction are fair and reasonable so far as the Independent Shareholders of First Pacific are concerned will be despatched to the shareholders of First Pacific shortly.

THE TRANSACTION

Provision of the Facility

Subject to the fulfillment of various conditions precedent which are summarized below (including, inter alia, approval of the Independent Shareholders of First Pacific), Larouge, a wholly-owned subsidiary of First Pacific, has agreed to grant the Facility to MPC in order to meet the redemption cost of those Convertible Bonds issued by MPC's wholly-owned subsidiary, Metro Pacific Capital Limited, which have been redeemed at the option of their holders and will be due and payable in April 2001. The Facility is a short term facility up to an aggregate principal amount of US$90.0 million (equivalent to approximately HK$702.0 million).

Principal Terms of the Facility

The principal terms of the Facility, which have been arrived at on an arm's length basis and are on normal commercial terms and which are considered by the Board as fair and reasonable, are as follows:-

Lender:	Larouge
Borrower:	MPC
Maximum Aggregate Principal Amount:	up to US$90.0 million (equivalent to approximately HK$702.0 million).
Interest:	15 per cent. per annum, payable monthly in arrears. Interest shall accrue on the basis of the actual number of days elapsed and a 360-day year.
Security:	Pledge over such number of shares of MPC and/or its affiliates in BLC as represents more than 50 per cent. of the issued share capital of BLC on such terms as Larouge may in its discretion require.
Drawdown Period:	The Facility will be available for drawdown, on one occasion up to 30 April 2001 by MPC giving not less than 2 Business Days' prior written notice to Larouge.
Voluntary Prepayment:	Prepayment is allowed at MPC's option in multiples of US$1.0 million by 2 Business Days' prior written notice to Larouge.
Maturity:	The Loan is repayable on demand by Larouge at any time. If no demand is made prior to 31 October 2001, the outstanding principal amount of the Loan, together with all interest accrued thereon and other monies due, is repayable on that date; provided that Larouge may, in its absolute discretion, extend the final date for repayment to a date no later than 31 December 2001.
Mandatory Prepayment:	The following proceeds shall be mandatorily applied towards repayment of the Loan and interest accrued thereon:- (i) 100 per cent. of the proceeds from any debt, equity, equity-linked or convertible bond or securities of any other nature issued by or any other fund raising by MPC (or

any of its wholly-owned subsidiaries) or any such funds becoming available (including by way of dividends) to MPC or any of its wholly-owned subsidiaries from fund raisings by non wholly-owned subsidiaries or affiliates of MPC; and

(ii) 100 per cent. of the proceeds of any share or asset disposal by MPC (or any of its wholly-owned subsidiaries) (other than a disposal of units in Pacific Plaza Towers and the disposal of certain property related assets contemplated by paragraph (iv) of the Conditions Precedent to Drawdown set out below) or special dividends where disposal proceeds are, individually or cumulatively, in excess of US$1.0 million.

Commitment fee: 0.5 per cent. per annum payable monthly in arrears on the daily undrawn balance under the Facility.

Management fee: 1.0 per cent. of the Facility payable upon signing of the Facility Agreement.

Permitted Use of proceeds: Save for US$1.5 million which shall be deducted from the first drawdown of the Facility as described in the paragraph headed "Expenses" below, amounts drawn down under the Facility shall be used exclusively for funding the redemption payment by MPC under the existing Convertible Bonds.

Expenses: MPC shall reimburse to Larouge any documentary stamp tax, legal, advisory, meeting and other fees or costs directly arising from the Facility.

US$1.5 million will be advanced by MPC to Larouge to be held on account of all the above costs, which will be funded from the first drawdown. Any funds not so utilised will be returned, without interest, to MPC within 3 months from the date of drawdown.

Tax: Any payments by MPC shall be made free and clear of any deductions or withholdings or set-off or counterclaim and MPC shall gross-up in order for Larouge to receive interest net of any withholding or deduction.

Conditions Precedent to Drawdown

Availability of the Facility is conditional upon, inter alia, the following conditions being, and continuing to be, fulfilled on or before the drawdown notice is given by MPC under the Facility Agreement:-

(i) the passing by the Independent Shareholders of an ordinary resolution to approve the Transaction and the advance of the Loan at the Special General Meeting;

(ii) appropriate Philippine governmental and/or regulatory approval in relation to the Facility having been obtained (including, to the extent the Facility is to be registered in the Philippines, approval of the Bangko Sentral Ng Pilipinas);

(iii) a non-legally binding memorandum of understanding having been entered into in relation to the recapitalisation of First e-Bank in accordance with terms specified in the Facility Agreement and otherwise on terms satisfactory to Larouge;

(iv) documentation having been entered into in respect of the sale of certain property related assets by the Metro Pacific Group in accordance with terms specified in the Facility Agreement and otherwise on terms satisfactory to Larouge;

(v) a non-legally binding memorandum of understanding having been entered into in respect of the refinancing of certain existing indebtedness of BLC in accordance with terms specified in the Facility Agreement and otherwise on terms satisfactory to Larouge;

(vi) at the time of drawdown, there being no event of default, acceleration or unsatisfied demand under any of MPC's other facilities, or any facilities of its affiliates where it has provided guarantees or any other form of security;

(vii) at the time of drawdown there being no event of default, acceleration or unsatisfied demand under any other facilities of the First Pacific Group, or any facilities where any member of the First Pacific Group has provided guarantees or any other form of security;

(viii) a legal opinion of a Philippine legal counsel in form and content satisfactory to Larouge in its sole discretion having been obtained;

(ix) all corporate authorities required by the parties in connection with the Facility having been obtained;

(x) the delivery to Larouge of such certificates, resolutions and other corporate authorisations, consents and confirmations as Larouge may reasonably require;

(xi) payment by MPC of the management fee payable to Larouge in respect of the Facility; and

(xii) execution and granting of security for the Facility on terms satisfactory to Larouge.

Source of Funding for MPC's Repayment of the Loans

The Board has been informed by MPC that it has explored other financing alternatives including equity and equity-linked financing and bank borrowings. However, in view of the difficult funding conditions for Philippine companies in general and having also considered the timing of the funding need of MPC, the Directors are of the view that it is in the interest of MPC and the First Pacific Group as a whole to proceed with the Facility. With a final maturity of 31 October 2001 (which may be extended in the absolute discretion of Larouge to a date not later than 31 December 2001), the Facility is short term in nature and is intended to allow the Metro Pacific Group an opportunity to take advantage of the recently improved political and economic environment in the Philippines due to changes in presidency and administration. These changes have resulted in more favourable conditions in which MPC can seek to raise medium or long-term funding consistent with the long-term nature of the revenue stream expected to be generated from the Metro Pacific Group's property interests.

The board of directors of MPC has confirmed that MPC will be able to repay the Loan in accordance with its terms and meet its other debt obligations. Based on information provided by the directors of MPC, the Board believes that, following drawdown under the Facility, MPC's cash flows from operations will be sufficient to service the interest payments in respect of the Facility and other borrowings. MPC's annual interest costs (including interest under the Facility), on a non-consolidated basis, amount to approximately Pesos 1.4 billion (equivalent to approximately US$28.0 million or HK$218.4 million), while interest under the Loan is estimated to be approximately US$7.7 million (equivalent to approximately HK$60.1 million) in aggregate up to 31 October 2001 (or US$9.9 million (equivalent to approximately HK$77.2 million) in aggregate up to 31 December 2001 in the event that the final maturity date of the Loan is extended in the discretion of Larouge). MPC's principal source of cash flow from operations is the sales of units of the Pacific Plaza Towers luxury condominium development project.

In relation to the repayment of the principal amount of the Loan, it is anticipated that proceeds from MPC's fund raising activities would be used to repay principal. Alternatively, if MPC is not successful in raising sufficient medium or long-term funding, MPC would sell sufficient assets in order to repay the Loan in full. This may include the partial or complete sale of MPC's interest in BLC, which is carried in MPC's financial statements as at 31 December 2000 at a book value of Pesos 29.1 billion (equivalent to US$582.0 million or HK$4,539.6 million).

Funding of the Transaction

As at the date of this Announcement, First Pacific had available cash resources of US$160.3 million (HK$1,250.3

million) and total debt of US$317.9 million (HK$2,479.6 million) consisting of the following instruments:-

Description of First Pacific indebtedness	Amount outstanding as at the date of this Announcement (US$ millions)
2.0 per cent. Guaranteed Convertible Bonds due 2002 issued by First Pacific (1997) Limited and guaranteed by First Pacific	267.9
2.0 per cent. Convertible Notes due September 2006 issued by First Pacific	50.0
Total Indebtedness	317.9

First Pacific has no bank indebtedness.

The Facility will be financed from First Pacific's existing cash resources.

MPC Cash and Indebtedness Position

As at the date of this Announcement, MPC had available cash resources of Pesos 303.0 million (equivalent to approximately US$6.1 million or HK$47.6 million) and total debt of Pesos 9.9 billion (equivalent to approximately US$198.0 million or HK$1,544.4 million), of which Pesos 7.8 billion (equivalent to approximately US$156.0 million or HK$1,216.8 million) is short term debt due for repayment within the next twelve months and Pesos 2.1 billion (equivalent to approximately US$42.0 million or HK$327.6 million) is long term debt. MPC's short term debt includes the amount of US$88.0 million (equivalent to approximately HK$686.4 million) which MPC is required, as guarantor, to pay on the redemption of those Convertible Bonds redeemed by their holders on exercise of an early redemption option in April 2001, as described below. MPC's other short term debts are working capital credit lines.

In addition, the Metro Pacific Group has a commitment to the Philippine Deposit Insurance Corporation to cause Pesos 2 billion (equivalent to approximately US$40.0 million or HK$312.0 million) to be injected into First e-Bank as additional paid up equity by 31 March 2001. It is a condition precedent to drawdown under the Facility that a non-legally binding memorandum of understanding is entered into in respect of the recapitalisation of First e-Bank, in accordance with terms specified in the Loan Facility and otherwise on terms satisfactory to Larouge.

MPC's Convertible Bonds

In 1996, Metro Pacific Capital Limited issued US$135.0 million (equivalent to approximately HK$1,053.0 million) of Convertible Bonds which are guaranteed by MPC. Subsequently, during 1996, Convertible Bonds with a par value of US$56.1 million (equivalent to approximately HK$437.6 million) were converted into common shares in MPC. In addition, MPC has bought back in the market Convertible Bonds with a par value of US$12.3 million (equivalent to approximately HK$95.9 million). Accordingly, the principal amount of the Convertible Bonds outstanding is US$66.6 million (equivalent to approximately HK$519.5 million). Holders of the Convertible Bonds have the option to have their Convertible Bonds redeemed by MPC in whole or in part at 128.88 per cent. of their par value, together with accrued interest, resulting in a redemption cost of up to US$88.0 million (equivalent to approximately HK$686.4 million), payable by MPC in April 2001.

IMPLICATIONS FOR FIRST PACIFIC

The funding of the Facility will utilise not more than US$90.0 million (equivalent to approximately HK$702.0 million) of the First Pacific Group's available cash resources.

As referred to above, the Board has been informed by the directors of MPC that, given the improving political and economic situation in the Philippines, following drawdown under the Facility, MPC will be able to generate, from operations and asset disposals, sufficient cash to repay the Facility in full in accordance with its terms and meet its other debt obligations as they fall due. The provision of the Facility at this time is expected to enable MPC to reduce its overall debt position by an orderly disposal of assets and the implementation of other restructuring measures in a manner which, having regard to the expected improvement in the political and economic environment in the Philippines, is anticipated to ultimately result in improved returns to MPC and its shareholders, while also avoiding potential cross defaults in other First Pacific Group company facilities. Accordingly, based on the information provided by the directors of MPC and having carefully considered the implications of the Transaction, the Board considers that it is in the best interests of First Pacific's shareholders for First Pacific to provide the Facility to MPC.

The audited consolidated profits before tax, minority interests and extraordinary items of the First Pacific Group for the two financial years ended 31 December 2000 and 1999 were US$66.6 million (HK$519.5 million) and US$236.5 million (HK$1,844.7 million), respectively. The audited consolidated profits attributable to shareholders for the two financial years ended 31 December 2000 and 1999 were US$51.2 million (HK$399.4 million) and US$138.2 million (HK$1,078.0 million), respectively. The audited consolidated shareholders' equity of the First Pacific Group as at 31 December 2000 and 1999 was US$365.5 million and US$591.5 million, respectively (HK$2,850.9 million and HK$4,613.7 million, respectively).

Upon completion of the Transaction, on a pro forma basis, there would be no material effect on the First Pacific Group's profit attributable to ordinary shareholders.

BUSINESSES OF MPC

MPC is a leading Philippine residential and commercial property developer, which has been listed on the Philippine Stock Exchange since May 1990. It also has interests in transportation and banking operations in the Philippines. MPC intends to concentrate on its core businesses of property development and investment and, in accordance with this aim, has over the past two years disposed of its interests in consumer products, packaging and telecommunication businesses.

Since 1 January 1999, MPC has realised proceeds of Pesos 16.4 billion (US$328.0 million, HK$2,558.4 million) from the sale of non-core assets. Recent divestments include the sale of an 8.0 per cent. interest in PLDT in July 2000 for a total net consideration of Pesos 12.1 billion (US$242.0 million, HK$1,887.6 million) and a 72.6 per cent interest in packaging material manufacturer Steniel Manufacturing Corporation in November 2000 for Pesos 426 million (US$8.5 million, HK$66.3 million). MPC has used the disposal proceeds from the sales of non-core businesses to reduce debt to Pesos 9.9 billion (US$198.0 million, HK$1,544.4 million) as at the date of this Announcement from Pesos 13.8 billion (US$276.0 million, HK$2,152.8 million) as at 31 December 1999.

Following its divestment programme, over 94 per cent. of MPC's assets are devoted to property-related activities, principally through its participation in the development of the Fort Bonifacio Global City in Manila. MPC was the leader of a consortium which in 1995 won the bid to act as a 55.0 per cent. partner in a joint venture with a Philippine government agency, BCDA, to develop a 150 hectare portion of the Fort Bonifacio military base situated in a prime location in Metro Manila. The effective price of the winning bid was approximately Pesos 27.5 billion (US$550.0 million, HK$4,290.0 million). MPC's direct and indirect equity interest in BLC, the company formed by the consortium to hold the shares in FBDC, the joint venture with the Government, has increased from less than 30.0 per cent. at the outset to 66.2 per cent. at the date of this Announcement.

MPC's other property businesses include a 60.0 per cent. equity interest in Landco, a developer of high-quality residential, commercial and resort properties. MPC also conducts property development itself, most notably the Pacific Plaza Towers signature development in the Fort Bonifacio Global City which is targeted at the top-end of the residential property market in Metro Manila.

MPC's principal remaining non-property assets are a 31.8 per cent. interest in First e-Bank and a 73.9 per cent. interest in Nenaco, one of the leading operators of passenger and freight ships in the Philippines.

BLC

BLC was formed in February 1995 as the joint venture corporation for a 19-member consortium of public and private companies, headed by MPC, that prevailed in a public auction for the right to develop the Fort Bonifacio Global City. BLC holds a 55.0 per cent. effective interest in FBDC and MPC has an effective interest in BLC of 66.2 per cent.

FBDC

FBDC's principal investment in property development is in the 150 hectares of the Fort Bonifacio Global City development, an initiative of the Philippine government which involves the conversion of 440 hectares of a 2,000 hectare military base into a major commercial and residential development. Developments include a new central business district, residential and hotels development and educational, sports and recreational facilities.

The development of the 150 hectare portion of the Fort Bonifacio project has been managed by FBDC since approval of the Master Development Plan in 1996. FBDC will continue to manage its development until completion, which is expected to take at least a further 20 years, upon which FBDC will continue to be a significant property owner and manager of a number of utilities and other services.

Since commencement of the project in 1996, approximately Pesos 28.0 billion (US$560.0 million, HK$4,368.0 million) of revenues and Pesos 9.3 billion (US$186.0 million, HK$1,450.8 million) of profits have been recognised by FBDC, primarily on the sale of 16 hectares of land in 1996 to key locators in the Big Delta area of the Global City.

Because of the substantial size of the 150 hectare area granted to FBDC for development, FBDC decided to undertake the development of the land in stages. The initial focus for development was Big Delta, an area comprising 57 hectares located in the southwest quadrant of the site. The horizontal development of Big Delta was completed on schedule in April 2000 and below budget. This comprised the installation of gas pipelines, water supply, sewerage systems, telecommunications infrastructure, drainage and other ancillary services.

In early 1999, FBDC commenced the horizontal development of Expanded Big Delta, an area comprising an additional 55 hectares, located to the north and west of Big Delta. The first phase of the horizontal development of Expanded Big Delta is substantially complete. Together, Big Delta and Expanded Big Delta represent approximately 75 per cent. of the land granted to FBDC for development. FBDC has invested approximately Pesos 2.9 billion (US$58.0 million, HK$452.4 million) on land development and associated infrastructure to date. FBDC has not yet commenced development of the remaining 25 per cent. of the 150 hectare site.

Key projects in the Fort Bonifacio Global City include Pacific Plaza Towers, Bonifacio Ridge, e-Square, the Fort and Capital Place.

Pacific Plaza Towers is a signature project being developed by MPC, through a separate operating division set up specifically for this development, and BCDA. It comprises two 53-storey residential condominiums targeted at the top end of the residential property market.

Bonifacio Ridge, an FBDC-led development project, comprises four 18-storey residential blocks located on a prime 3.5 hectare site, adjacent to the prestigious Manila Golf Club. Construction of the first two towers under Phase I began in July 2000 and is expected to be completed in June 2002. As at the Latest Practicable Date, 137 units out of a total of 288 available in Phase I have been sold to date at an average price of Pesos 71,300 (US$1,426, HK$11,123) per sqm.

e-Square is a 25 hectare area located within the Big Delta which has been approved as an IT Zone by the Philippine Export Zone Authority. FBDC's first major project in e-Square is the HatchAsia Global City Centre, a three-storey block providing 24,000 sqm of office space to IT companies in the early stages of their development.

HatchAsia.com, a regional IT incubator company based in Singapore, has taken a 15-year master lease for 12,000 sqm, representing 50 per cent. of the space available for leasing. Completion of the Incubator Building and handover of premises are expected to take place in June 2001, respectively. Located within e-Square is the Government Center for Investments, which comprises a 145,000 sqm GFA development specifically designed to house major departments of the Philippine government, such as the Securities and Exchange Commission, the Department of Finance, the Philippine Deposit and Insurance Corporation, the Bureau of Internal Revenue, the Trade & Investment Development Corporation and BCDA itself.

The Fort Phase I opened in the third quarter of 1998 with 3,500 sqm GFA of dining and entertainment space and succeeded in attracting people and interest to Fort Bonifacio Global City. Phase II will comprise 60,000 sqm GFA offering a full range of convenience, retail and entertainment outlets. Design and master planning of Phase II commenced in late 2000. FBDC has signed a memorandum of understanding with a major Philippine retail group as an anchor tenant who will provide guaranteed take-up of about 80 per cent. of the retail space. In addition, FBDC has entered into an agreement with a leading hypermarket operator for a long-term lease of 15,122 sqm. The store is scheduled for opening in April 2001.

Capital Place, a further FBDC-led development project, is a six-tower mixed-use development of 425,000 sqm GFA to include office, hotel, residential and retail accommodation. The cornerstone of the development is the headquarters of the Philippine Stock Exchange, which will be relocating to Capital Place in 2004 and which will involve the relocation and unification of the Philippine Stock Exchange's trading floor. It is anticipated that the relocation of the Philippine Stock Exchange to Fort Bonifacio Global City will attract Philippine Stock Exchange members, banks, investment banks, lawyers and other financial market professionals to Fort Bonifacio Global City. FBDC's intention is for Capital Place to be the leading financial services centre in the Philippines. The architectural and engineering design of Capital Place has been completed and construction of the first two towers is scheduled to begin in the first quarter of 2002.

Although the momentum of land sales at FBDC slowed with the onset of the Asian crisis and the demand for Philippine property has declined in recent years, First Pacific continues to view this development as a long-term generator of revenues. In particular, FBDC is well positioned to benefit from the expected improvement in the Philippines' future economic prospects following the recent changes in government.

Landco

MPC has a 60.0 per cent. stake in Landco which, since its founding in February 1990 as a property consultancy under the name Landco, Inc., has become an established property developer in the Philippines. Landco has extensive experience in developing residential, commercial and leisure projects, focusing on high quality developments outside of the Metro Manila area.

Over the last several years, Landco has embarked on a series of projects ranging from residential resorts and first home residential developments to shopping centres, business parks, office buildings and memorial parks. Its existing projects are strategically located primarily in key regional urban centres nationwide. In addition, Landco holds a significant land bank which the company plans to develop in the medium term into residential and resort properties.

Pacific Plaza Towers

MPC (one third) and BCDA (two thirds) together contributed 1.5 hectares of land in Fort Bonifacio Global City in 1996 on which MPC is developing two 53-storey residential condominium towers at a total cost of approximately Pesos 6.0 billion (US$120.0 million, HK$936.0 million). The development consists of 393 first class condominium units ranging from 300 sqm apartments to 550 sqm duplex penthouses. The development has a swimming pool, landscaped gardens and views over the Manila golf course and Fort Bonifacio Global City. To date, 222 of the 393 units have been sold at an average price of Pesos 31 million (US$0.6 million, HK$4.7 million). The first units were handed over to purchasers in February 2001 and completion of the development is expected by 31 March 2001.

First e-Bank

First e-Bank is a 31.8 per cent. owned associate of MPC. Until its repositioning in 2000, First e-Bank was a banking institution specialising in private sector term lending, private finance and fund management. First e-Bank is in the process of repositioning itself as an electronic banking-focused financial institution and is one of a few financial institutions in the Philippines to have been granted a licence to carry out such electronic/internet-related banking activities. First e-Bank has since launched a mobile phonebanking service under a joint partnership with PLDT and FBDC. First e-Bank is listed on the Philippine Stock Exchange with a market capitalisation of Pesos 180.3 million (US$3.6 million, HK$28.1 million).

Nenaco

MPC has a 73.9 per cent. equity interest in Nenaco, a Philippine shipping company which provides passenger and freight shipping services in the Philippines. In addition, Nenaco provides integrated trucking, warehousing and delivery of bulk and break-bulk cargoes. Nenaco is undertaking a capital reorganisation which will increase MPC's equity interest in Nenaco to approximately 95 per cent. by the conversion of an advance previously made by MPC to Nenaco. Nenaco is listed on the Philippine Stock Exchange with a market capitalisation of Pesos 443.8 million (US$8.9 million, HK$69.4 million).

Financial Review of MPC

MPC reported audited consolidated net income of Pesos 2.3 billion (US$46.0 million, HK$358.8 million) for the year ended 31 December 2000. During a difficult year, in which the Philippine economy and currency was adversely affected by prevailing economic and political uncertainties, net earnings were principally derived from the sale of an 8.0 per cent. stake in PLDT, which generated a net gain of Pesos 5.0 billion (US$100.0 million, HK$780.0 million). In addition, gains totalling Pesos 257 million (US$5.1 million, HK$39.8 million) were realised from the sales of investments in Steniel Manufacturing Corporation and Metrovet, Inc. These gains, however, were partially offset by foreign exchange losses arising on US dollar denominated borrowings as the peso depreciated 19 per cent over 2000. In addition, MPC made additional provisions against its non-property investments, and certain affiliates reported losses in 2000.

MPC registered consolidated pre-tax operating income before extraordinary items of Pesos 162.0 million (US$3.2 million, HK$25.0 million), from consolidated revenues of Pesos 9.8 billion (US$196.0 million, HK$1,528.8 million) in 2000, compared to Pesos 576 million (US$11.5 million, HK$89.7 million) of pre-tax income in 1999 from revenues of Pesos 9.83 billion (US$196.0 million, HK$1,528.8 million). Higher operating expenses and a sluggish demand resulted in lower operating margins and pressure on the country's banking system led to higher interest rates and, in turn, higher financing charges.

Basic earnings per share for the year was centavos 11.68 (US cent. 0.23, HK cent. 1.79), on a weighted average number of shares of 18,598,898, and fully diluted earnings per share was centavos 11.40 (US cent. 0.23, HK cent. 1.79), on a weighted average number of shares of 19,066,069.

As a consequence of asset disposals during the year, consolidated interest bearing liabilities declined 27 per cent to Pesos 16.4 billion (US$328 million, HK$2,558.4 million), from Pesos 22.4 billion (US$448.0 million, HK$3,494.4 million) in 1999. With the equity position increasing to Pesos 68.3 billion (US$1,366.0 million, HK$10,654.8 million) as at the end of 2000, MPC's gearing ratio improved to 0.39x from the previous year's level of 0.51x. The current ratio was slightly lower at 1.14x, from 1.6x in 1999, largely due to the increase in the current portion of long-term debts.

Details of the financial results of MPC's principal subsidiary and associated companies are set out below.

BLC reported a net income of Pesos 2.4 million (US$0.05 million, HK$0.4 million) for the year to 31 December 2000. Dividend income of approximately Pesos 55.0 million (US$1.1 million, HK$8.6 million) was received from FBDC during the year which was sufficient to offset BLC's funding and overhead costs.

FBDC registered net earnings of Pesos 744.6 million (US$14.9 million, HK$116.2 million) for the year to 31

December 2000, primarily on profits realised on completion of the Big Delta. Despite the sustained weakness in the property market, during 2000 the company completed the horizontal development of Big Delta, the first phase of development earmarked for the initial Central Business District, and continued work on the development of the Expanded Big Delta, the first phase of which is substantially complete. In addition, FBDC pursued the construction of its residential condominium, Bonifacio Ridge, and the Hatch Asia Global City Center at its premier IT Zone, e-Square together with infrastructure projects, such as the Sampaguita Bridge retrofit, which will improve access to the Global City via the C5 interchange, which leads to Manila International Airport.

Landco reported net earnings of Pesos 31.8 million (US$0.6 million, HK$4.7 million) for the year to 31 December 2000. Positive contributions from sales of Punta Fuego, Ridgewood and Stonecrest lots and reduced operating costs were off-set by higher financing costs and lower sales volumes in some product areas as a result of the prevailing economic conditions.

Pacific Plaza Towers produced net earnings of Pesos 468.7 million (US$9.4 million, HK$73.3 million) during the year to 31 December 2000. Total sales reached 220 units representing nearly 60 per cent. of the entire 393 first-class condominium units available. The first units were turned over to owners during February 2001.

First e-Bank reported a net loss of Pesos 623.6 million (US$12.5 million, HK$97.5 million) for the year to 31 December 2000 as it repositions itself into an electronic banking institution. The result represents a significant improvement over the loss of Pesos 1,087.1 million (US$21.7 million, HK$169.3 million) reported for the year to 31 December 1999 due to an increase in net interest earnings and reduced loan loss provisions in 2000.

Nenaco reported a net loss of Pesos 693.4 million (US$13.9 million, HK$108.4 million) for the year to 31 December 2000, mainly attributable to lower revenue as industry volumes declined due to competitive pressure from domestic airlines on its key routes. A fuel cost reduction programme also led to a decrease in vessel sailing or rerouting of vessels to more lucrative routes. Savings from fuel and from other administrative expenses partially offset the revenue shortfall.

Prospects of MPC

The success of MPC's strategy of focusing on providing lifestyle enhancing, quality products to the middle and upper sectors of commercial and residential sectors of the real estate market in the Philippines is borne out by the success of signature projects such as the *Fort Bonifacio Global City, Pacific Plaza Towers* and Landco's *Punta Feugo* development despite the prevailing market conditions since late 1997. With the recent change in government, and the resulting reduction in uncertainty that has been associated with the political environment in the Philippines for much of 2000, MPC's management anticipates an improvement in the domestic economy. This, together with the new administration's stated aim of encouraging economic development through a focus on information technology and tourism, is expected to provide a significant boost to the real estate sector. MPC's property businesses are well positioned to benefit from this in the short to medium term.

As a result of the economic climate, few new Grade A central business district, commercial or residential projects have commenced in the past few years and, therefore, little new inventory is expected in this sector of the market. With the improved economic environment, the current over-supply situation is anticipated to correct in the short term leading to improved demand for land in the *Fort Bonifacio Global City* and the vertical development projects within it.

Similarly, coupled with a number of competitive advantages over competing countries in the ASEAN region, the Philippine Government's push to establish the country as an information technology locator's destination of choice and the improved economic outlook, the *eSquare* technology zone in the *Fort Bonifacio Global City* has a number of significant competitive advantages. These include the quality of the real estate and technology infrastructure, its proximity to central business districts and the international airport and the "Fort Bonifacio" brand's association with quality real estate.

Despite many areas of natural beauty, proximity to major markets and a language skills advantage, both domestic and international tourism in the Philippines has long been underdeveloped as compared to other countries in South East Asia. MPC and Landco's joint land banks available for residential and tourism resort developments, the new government's drive to push this sector of the economy, FBDC's infrastructure development expertise and Landco's resort development and management skills provide the MPC Group with significant opportunity in this area in the medium to longer term.

Given the scale of the MPC Group's existing investment in these projects, it is MPC management's intention that these developments are progressed with little or no new capital from MPC. Development capital is likely to come from debt, strategic partners and project cash flows.

There are on-going initiatives to rehabilitate and improve the prospects of MPC's remaining non-property assets. These include capital reorganizations, strengthening management through direct and advisory participation, improving the competitive environment in which they operate and looking for strategic partners. As a result of these initiatives, MPC management believe that little or no additional funding support will be required of the non-property assets in the near to medium term.

CONNECTED TRANSACTION

The First Pacific Group has an aggregate direct and indirect attributable economic interest of 80.6 per cent. in MPC. Certain Directors, who are also shareholders of First Pacific, namely Messrs. Manuel V. Pangilinan, Ricardo S. Pascua and Edward A. Tortorici are shareholders of MPC holding, in aggregate, less than 2 per cent. of MPC. Accordingly, the Transaction constitutes a connected transaction for First Pacific and is therefore subject to compliance with the relevant requirements under the Listing Rules, including approval of the Independent Shareholders of First Pacific. Messrs. Manuel V. Pangilinan, Ricardo S. Pascua and Edward A. Tortorici will abstain from voting at the Special General Meeting.

The Independent Board Committee, which comprises Prof. Edward K.Y. Chen and David W.C. Tang, has been appointed to advise the Independent Shareholders in respect of the Transaction. Rothschild has been appointed as the independent financial adviser to the Independent Board Committee. ING Barings has been appointed as the financial adviser to First Pacific in connection with the Transaction.

Notice convening the Special General Meeting of First Pacific to approve the Transaction is set out at the end of this Announcement. At the Special General Meeting, an ordinary resolution will be proposed to approve the transactions contemplated thereby. The resolution approves the entering into of the Facility Agreement by Larouge and the consummation of the transactions contemplated thereby. The resolution also empowers any one or more Directors to take, or authorise Larouge to take, any actions they may consider necessary or desirable or expedient in connection with the implementation of the Facility Agreement or any matter related thereto and to make or agree, or authorise Larouge to make or agree, such amendments or variations of the Facility Agreement and to grant, or authorise Larouge to grant, any waivers of any conditions precedent or other provisions of the Facility Agreement, in each case, as the Directors in their discretion consider to be desirable in the interests of First Pacific.

A circular containing details of the Transaction, a letter of recommendation from the Independent Board Committee and an advice to the Independent Board Committee by Rothschild as to whether the terms of the Transaction are fair and reasonable so far as the Independent Shareholders of First Pacific are concerned will be despatched to the shareholders of First Pacific shortly.

The Liem Investors have undertaken to exercise their voting rights in respect of their combined 43.7 per cent. shareholding in First Pacific in favour of any resolution to approve the Transaction.

Save as disclosed herein, no other connected person (as defined in the Listing Rules) has a shareholding interest in MPC.

It should be noted that the Facility Agreement is conditional on the fulfillment of various conditions precedent and may or may not be completed.

DEFINITIONS

In this Announcement, unless the context otherwise requires, the following expressions shall have the following meanings:-

"BCDA"	Bases Conversion Development Authority, a Philippine government agency responsible for the privatization and development of selected Philippine military bases;
"BLC"	Bonifacio Land Corporation, a corporation established under the laws of the Republic of the Philippines and in which MPC has an attributable economic interest of approximately 66.2 per cent.;
"Board"	the board of directors of First Pacific, but excluding the members of the Independent Board Committee;
"BSP"	Bangko Sentral ng Pilipinas;
"Business Days"	days (other than Saturdays or Sundays) on which banks are open for business in London, Hong Kong, Manila and New York;
"Convertible Bonds"	the US$135,000,000 2.5 per cent. convertible bonds due in April 2003 issued by Metro Pacific Capital Limited (a wholly-owned subsidiary of MPC) and guaranteed by MPC;
"Directors"	the directors of First Pacific;
"Facility"	the short term facility up to an aggregate principal amount of US$90.0 million (equivalent to approximately HK$702.0 million) to be granted by Larouge to MPC under the Facility Agreement;
"Facility Agreement"	the Facility Agreement dated 26 March 2001 entered into by Larouge and MPC;
"FBDC"	Fort Bonifacio Development Corporation, a corporation established under the laws of the Republic of the Philippines and in which BLC has an attributable economic interest of 55.0 per cent. and BCDA has an attributable economic interest of 45.0 per cent.;
"First e-Bank"	First e-Bank Corporation, a corporation established under the laws of the Republic of the Philippines and the securities of which are listed on the Philippine Stock Exchange and in which MPC has an attributable economic interest of approximately 31.8 per cent.;
"First Pacific"	First Pacific Company Limited, a company incorporated in Bermuda whose securities are listed on the Stock Exchange;
"First Pacific Group"	First Pacific and its subsidiaries, including the Metro Pacific Group;
"GFA"	gross floor area;
"HK$"	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the People's Republic of China;
"Independent Board Committee"	an independent committee of the Board, comprising Prof. Edward K.Y. Chen, CBE, JP and Mr. David W.C. Tang, OBE, being the independent non-executive directors of First Pacific;

"Independent Shareholders"	shareholders of First Pacific other than Messrs. Manuel V. Pangilinan, Ricardo S. Pascua and Edward A. Tortorici;
"ING Barings"	ING Barings Asia Limited, a registered investment adviser under the Securities Ordinance (Chapter 333 of the Laws of Hong Kong);
"Larouge"	Larouge B.V., a company incorporated under the laws of the Netherlands and a wholly-owned subsidiary of First Pacific;
"Latest Practicable Date"	23 March 2001, being the lastest practicable date prior to the date of this announcement for ascertaining certain information contained herein;
"Liem Investors"	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;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Loan"	the aggregate principal amount of the loan to be made by Larouge to MPC pursuant to the Facility;
"Metro Pacific Group"	MPC and its subsidiaries;
"MPC"	Metro Pacific Corporation, a corporation established under the laws of the Republic of the Philippines and the securities of which are listed on the Philippine Stock Exchange, and in which the First Pacific Group has an aggregate direct and indirect attributable economic interest of approximately 80.6 per cent.;
"Nenaco"	Negros Navigation Corporation, a corporation established under the laws of the Republic of the Philippines and the securities of which are listed on the Philippine Stock Exchange and in which MPC has an attributable economic interest of 73.9 per cent.;
"Pacific Plaza Towers"	Pacific Plaza Towers, a division of MPC, which is developing a 1.5-hectare residential condominium within the Fort Bonifacio Global City;
"Pesos"	Philippine Pesos, the lawful currency of the Republic of the Philippines;
"PLDT"	Philippine Long Distance Telephone Company, a corporation established under the laws of the Republic of the Philippines whose shares of common stock and shares of preferred stock are listed on the Philippine Stock Exchange, and in which the First Pacific Group has an aggregate direct and indirect attributable economic interest of 24.6 per cent.;
"Rothschild"	N M Rothschild & Sons (Hong Kong) Limited, an investment adviser registered under the Securities Ordinance and the independent financial adviser to the Independent Board Committee;
"Special General Meeting"	the special general meeting of First Pacific to be held at 24th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong SAR, on Wednesday, 11 April 2001 at 10:00 a.m.
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Transaction"	the Facility Agreement and the transactions contemplated thereby; and
"US$"	United States dollars, the lawful currency of the United States of America.

For illustration purposes, translations of amounts have been made on an approximate basis at the rates of US$1 = Pesos 50.0 = HK$7.8. Percentages, and figures expressed in billions and millions, have been rounded. All such translations have been made on an approximate basis and are subject to roundings and no representation is made that the amounts referred to herein could have been, or could be converted at any particular rate, the rates so specified or at all.

By Order of the Board
FIRST PACIFIC COMPANY LIMITED
Ronald A. Brown
Company Secretary

Hong Kong, 26 March 2001

NOTICE OF SPECIAL GENERAL MEETING OF SHAREHOLDERS OF FIRST PACIFIC COMPANY LIMITED

NOTICE IS HEREBY GIVEN that a special general meeting of First Pacific Company Limited (the "Company") will be held at 24th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong SAR, on Wednesday, 11 April 2001 at 10:00 a.m. for the purpose of considering and, if thought fit, passing (with or without modification) the following resolution, as an Ordinary Resolution:

ORDINARY RESOLUTION

"THAT:

(a) the facility agreement dated 26 March 2001 made between Metro Pacific Corporation ("MPC") and Larouge B.V. ("Larouge"), pursuant to which Larouge has agreed to provide loan facilities to MPC up to an aggregate principal amount of US$90.0 million (the "Facility Agreement"), a copy of which has been produced to this meeting marked "A" and initialed by the chairman of this meeting for the purpose of identification, be and is hereby confirmed, approved and ratified; and

(b) the directors of the Company (or any one or more of them) be and are hereby authorised to arrange for the execution of such documents by or on behalf of Larouge as they may consider necessary or desirable and to do, or authorise Larouge to do, whatever acts and things they may consider necessary or desirable or expedient for the purpose of, or in connection with, the implementation of the Facility Agreement or any matter related thereto and to make and agree, or authorise Larouge to make and agree, such amendments or variations to the Facility Agreement and grant, or authorise Larouge to grant, any waivers of any conditions precedent or other provisions of the Facility Agreement, in each case, as the directors of the Company in their discretion consider to be desirable and in the interests of the Company."

By Order of the Board
First Pacific Company Limited
Ronald A. Brown
Company Secretary

Dated: 26 March 2001

Notes:

1. Any shareholder entitled to attend and vote at the special general meeting convened by the above notice is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy need not be a shareholder of First Pacific.

2. A form of voting proxy for the special general meeting will be enclosed with the circular shortly to be despatched to shareholders. In order to be valid, the form of voting proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of the power of attorney or other authority must be deposited at First Pacific's head office (Attention: Corporate Secretarial Department) at 24th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong SAR, not less than 48 hours before the time appointed for holding the special general meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting or any adjourned meeting should they so wish.