THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold all your shares in First Pacific Company Limited, you should hand this circular at once to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

FIRST PACIFIC

FIRST PACIFIC COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

CONNECTED TRANSACTION

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

Financial Adviser to First Pacific Company Limited

ING BARINGS

Independent Financial Adviser to the Independent Board Committee

N M ROTHSCHILD & SONS

A letter from the Independent Board Committee of First Pacific Company Limited containing its recommendation in respect of the Transaction is set out on page 22 of this circular. A letter from N M Rothschild & Sons (Hong Kong) Limited containing its advice to the Independent Board Committee is set out on page 23 to 34 of this circular.

A notice convening a special general meeting of First Pacific Company Limited 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. was published in the press in Hong Kong on 27 March 2001. A copy of that notice is set out on pages 39 to 40 of this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the accompanying form of proxy to the head office of First Pacific Company Limited at 24th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong SAR as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so wish.

28 March 2001

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In this circular, 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" or "the Company"	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);
"Landco"	Landco Pacific Corporation, a corporation established under the laws of the Republic of the Philippines and in which MPC has an attributable economic interest of 60.0 per cent;
"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 latest practicable date prior to the printing of this circular 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;

"N M Rothschild & Sons" or "Rothschild"	N M Rothschild & Sons (Hong Kong) Limited, an investment adviser registered under the Securities Ordinance (Chapter 333 of the Laws of Hong Kong) and the independent financial adviser to the Independent Board Committee;
"SDI Ordinance"	Securities (Disclosure of Interests) Ordinance (Chapter 396 of the Laws of Hong Kong);
"Shareholders"	Shareholders of First Pacific;
"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 transaction contemplated thereby;
"US$"	United States dollars, the lawful currency of the United States of America; and
"United States"	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.

FIRST PACIFIC

FIRST PACIFIC COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

Executive Directors:
Manuel V. Pangilinan *(Executive Chairman)*
Michael J.A. Healy
(Chief Operating Officer and Finance Director)
Ronald A. Brown
David G. Eastlake
Ricardo S. Pascua
Edward A. Tortorici

Non-executive Directors:
Sutanto Djuhar
Tedy Djuhar
Ibrahim Risjad
Anthoni Salim

Independent Non-executive Directors:
Prof. Edward K.Y. Chen, CBE, JP
David W.C. Tang, OBE

Head Office:
24th Floor
Two Exchange Square
8 Connaught Place
Central
Hong Kong SAR, PRC

Registered office:
Cedar House
41 Cedar Avenue
Hamilton HM12
Bermuda

28 March 2001

Dear Shareholder,

CONNECTED TRANSACTION

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

INTRODUCTION

On 26 March 2001, the board of directors of First Pacific announced that First Pacific, through its wholly-owned subsidiary, Larouge, had entered into a conditional Facility Agreement with MPC. Larouge has agreed, subject to the fulfillment of various conditions precedent as described on page 9 in this circular, 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 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 by 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 in respect of the Transaction. ING Barings has been appointed as the financial adviser to First Pacific in connection with the Transaction.

The purpose of this circular is to (1) provide the shareholders of First Pacific with information relating to the Transaction and (2) set out the recommendations of the Independent Board Committee and the advice from Rothschild to the Independent Board Committee in relation to the Transaction. This circular also contains a copy of the notice of the Special General Meeting of the Independent Shareholders convened to be held on Wednesday, 11 April 2001 to consider and, if deemed fit, approve the Transaction pursuant to the Listing Rules. Notice of the Special General Meeting was previously published in the press in Hong Kong on 27 March 2001.

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.

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 to 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 BSP);

(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 Loan

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 net asset 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 Latest Practicable Date, 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) of which US$267.9 million is due in March 2002. The total debt consists of the following instruments:–

Description of First Pacific Indebtedness	**Amount outstanding as at the Latest Practicable Date** *(US$ millions)*
2.0 per cent Guaranteed Convertible Bonds due in March 2002 issued by First Pacific Capital (1997) Limited and guaranteed by First Pacific	267.9[1]
2.0 per cent Convertible Notes due in September 2006 issued by First Pacific	50.0
Total Indebtedness	317.9

[1] This amount does not include the premium payable on redemption of US$91.4 million.

First Pacific has no bank indebtedness.

The Facility will be financed from First Pacific's existing cash resources. In relation to the short-term funding requirements of First Pacific, the Directors have been in discussions with various financial institutions regarding alternative financing means including equity-linked financing and bank borrowings. The Directors do not anticipate that the provision of the Loan Facility to have any material impact on First Pacific's ability to service its short term debt.

MPC Cash and Indebtedness Position

As at the Latest Practicable Date, 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.

The Directors also noted that a default in the Convertible Bonds of MPC may potentially trigger cross-defaults in other First Pacific Group company facilities. 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. Should the expected recovery in the Philippines property market not materialise in the near term, it might make it more difficult for MPC to raise new funding and/or dispose of its assets, including part, or all of its shares in BLC at an optimal price. In the case where MPC does not raise sufficient cash resources to repay the Facility by 31 October, 2001 or 31 December, 2001 (should the extension for final payment be granted by Larouge), First Pacific will take possession of the pledged BLC shares and consider the disposal of the same to recoup its funds. The Directors believe that, even under adverse market conditions, the proceeds from the sale of a minimum of 50 per cent of BLC shares would enable First Pacific to recoup the principal of the Facility and any interest accrued in full.

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 Latest Practicable Date 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 Latest Practicable Date.

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.

SPECIAL GENERAL MEETING

A notice convening the Special General Meeting 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. was published in the press in Hong Kong on 27 March 2001. A copy of that notice is set out on pages 39 to 40 of this circular. 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 form of proxy for use at the Special General Meeting is enclosed for use by the Independent Shareholders. Whether or not the Independent Shareholders are able to attend the meeting, they are requested to complete and return the enclosed form of proxy to First Pacific's head office at 24th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong SAR as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the meeting. Completion and return of the form of proxy will not preclude the Independent Shareholders from attending and voting at the meeting should they wish to do so.

RECOMMENDATION

The Board, which has been advised by ING Barings, has noted the views of the Independent Board Committee and its independent financial adviser, Rothschild. These views are endorsed by the Board and, accordingly, the Board (excluding, Manuel V. Pangilinan, Ricardo S. Pascua and Edward A. Tortorici who, being shareholders in MPC, abstained from voting) recommends that the Shareholders approve the Transaction by voting in favour of the ordinary resolution to be proposed at the Special General Meeting.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information section set out in the Appendix.

Yours faithfully,
For and on behalf of the Board of Directors of
First Pacific Company Limited
Ronald A. Brown
Company Secretary

FIRST PACIFIC COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

28 March 2001

To the Independent Shareholders

Dear Sir/Madam,

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

We refer to the circular dated 28 March 2001 (the "Circular") of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed to the Independent Board Committee by the Board to advise you in relation to the terms of the Facility Agreement and the Transaction.

We wish to draw your attention to the letter from the Board set out on pages 5 to 21 of the Circular and to the letter of advice from Rothschild set out on pages 23 to 34 of the Circular.

Having considered the factors contained in the letter from Rothschild and the recommendation given by Rothschild, we are of the opinion that the terms of the Transaction are fair and reasonable so far as the Independent Shareholders are concerned.

We therefore recommend that the Independent Shareholders vote in favour of the ordinary resolution approving the Transaction as set out in the notice convening the Special General Meeting on pages 39 to 40 of the Circular.

Yours faithfully,
Prof. Edward K. Y. Chen
and
David W. C. Tang
Independent Board Committee

N M ROTHSCHILD & SONS
16th Floor
Alexandra House
Central
Hong Kong

28 March 2001

To the Independent Board Committee of
First Pacific Company Limited

Dear Sirs,

CONNECTED TRANSACTION

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

We refer to the Facility Agreement, details of which are set out in the circular of the Company dated 28 March 2001 to the Shareholders (the "Circular") of which this letter forms a part. Rothschild has been retained as independent financial adviser by the Company to advise the Independent Board Committee as to whether or not the terms of the Transaction are fair and reasonable and in the interest of the Company so far as the Independent Shareholders are concerned.

The terms used in this letter shall have the same meanings as defined elsewhere in the Circular unless the context otherwise requires.

As certain Directors 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, the Transaction constitutes a connected transaction for the Company under the Listing Rules. Accordingly, the Transaction is subject to the approval by the Independent Shareholders at the Special General Meeting. The above-mentioned Directors will abstain from voting at the Special General Meeting. As noted in the "Letter from the Board", the Liem Investors have undertaken to exercise their voting rights in respect of their combined 43.7 per cent shareholding in the Company in favour of any resolution to approve the Transaction.

In formulating our recommendation, we have relied on the information and facts supplied to us by the Company and MPC, and have assumed that any representations made to us are true, accurate and complete in all material respects as at the date hereof and that they may be relied upon. We have also assumed that all information, representations and opinions contained or referred to in the Circular are fair and reasonable and have relied on them. We have been advised by the Directors that no material facts have been omitted and we are not aware of any facts or circumstances which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors or the directors of MPC. The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement in the Circular misleading. We consider that we have reviewed sufficient information to reach an informed view in order to provide a reasonable basis for our advice. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company or MPC or their respective subsidiaries.

PRINCIPAL FACTORS AND REASONS

In arriving at our opinion, we have taken into consideration the following principal factors and reasons:

1. Background and rationale

As noted in the "Letter from the Board", the Company, through a wholly-owned subsidiary, Larouge, had conditionally agreed to provide the Facility to MPC. The purpose of the Facility is to provide MPC with cash resources to meet the redemption cost of those outstanding Convertible Bonds, which are guaranteed by MPC and are redeemable at the option of their holders in April 2001. As of the Latest Practicable Date, the principal amount of the Convertible Bonds outstanding was US$66.6 million (equivalent to approximately HK$519.5 million), and the total redemption cost is estimated to be up to approximately US$88.0 million (equivalent to approximately HK$686.4 million). As at the Latest Practicable Date, MPC had approximately Pesos 303.0 million (equivalent to approximately US$6.1 million or HK$47.6 million) of cash resources available.

Based on our discussions with the Directors and the management of MPC, we understand that the inability of MPC to meet the redemption cost of the Convertible Bonds from either internal cash resources or raising of new funding is mainly attributable to the poor economic and political environment in the Philippines since the Asian economic crisis in 1997 which had adversely affected MPC's core business of property development. The low liquidity in the banking system of the Philippines made it difficult for MPC to raise long term funding, and caused a mismatch in cash flow whereby the cash flow from its long term property projects are insufficient to meet MPC's short term debt repayment obligations. In view of the adverse operating environment and in order to reduce its debt levels, MPC has launched a disposal program of its non-core assets which raised approximately Pesos 16.4 billion (equivalent to approximately US$328.0 million or HK$2,558.4 million) since 1 January 1999. MPC has explored other financing alternatives including equity and equity-linked financing but given the illiquidity of the banking system and the instability of the political situation in the Philippines at the time, MPC has been unable to successfully secure timely and cost-efficient funding to refinance the Convertible Bonds. We take the view that the inability of MPC to secure sufficient financing for the redemption of the Convertible Bonds are mainly attributable to adverse macroeconomic conditions in the Philippines, which have since improved with the change in presidency at the beginning of 2001.

The Facility is a short term facility of up to an aggregate principal amount of US$90.0 million (equivalent to approximately HK$702.0 million), for the exclusive purpose of enabling MPC to meet the cost of redemption of the Convertible Bonds due in April 2001. With a final maturity of 31 October 2001, the Facility may be extended, at the discretion of Larouge, to a date not later than 31 December 2001. MPC will deliver to the Company a stake in BLC of not less than 50 per cent, free of all encumbrances, as security for the Facility.

The Company, as the principal shareholder owning an aggregate direct and indirect attributable economic interest of approximately 80.6 per cent in MPC, takes the view that a default in the Convertible Bonds may potentially trigger cross default of certain other First Pacific Group company facilities, which could result in an accelerated payment of those facilities, and may have a negative impact on the financial position of the First Pacific Group. Accordingly, the Board is of the view that the provision of the Facility will provide MPC with the opportunity to improve its financial position by taking advantage of the expected improvement in the political and economic environment in the Philippines, to raise long term funding consistent with the long term nature of its projects and to undertake an orderly disposal of assets and the implementation of other restructuring measures in a manner which 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. As noted in the "Letter from the Board", the board of directors of MPC has confirmed that MPC will be able to repay the Loan in accordance with its terms. We take the view that the risk of the Company not being repaid the Facility in full to be relatively low, particularly when the attributable net asset value of a controlling stake in BLC pledged against the Facility is not less than US$439.6 million (equivalent to approximately HK$3,428.9 million based on the audited financial statements of MPC as at 31 December 2000) which, when compared with the principal of US$90.0 million (equivalent to approximately HK$702.0 million) under the Facility, represents a coverage ratio of approximately 4.9 times. The level of assurance of repayment is further enhanced by the mandatory application of proceeds from fund raising activities and asset disposals by MPC towards repayment of the Facility, a process which will be conducted under the direction of the Company as the principal shareholder of MPC.

Having discussed the above factors with the Board, we concur with their view that under the current circumstances, the granting of the Facility to MPC is in the interest of the Group as a whole so far as the Independent Shareholders are concerned.

2. The Facility Agreement

The Facility Agreement is based on normal commercial terms and was entered into after arm's length negotiations between the parties involved. Principal terms of the Facility Agreement are set out in the "Letter from the Board" which include:

(a) the maximum aggregate principal amount of up to US$90.0 million (equivalent to approximately HK$702.0 million);

(b) an interest rate of 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;

(c) the principal amount, together with interest accrued thereon and other monies due, are repayable upon demand by Larouge at any time on or before 31 October 2001. Such date may be extended to not later than 31 December 2001 by Larouge at its absolute discretion;

(d) the Facility to be secured over such number of shares in BLC owned by MPC and/or its affiliates, representing more than 50 per cent of the issued share capital of BLC, on such terms as Larouge may in its discretion require;

(e) mandatory prepayment: the following proceeds shall be mandatorily applied towards repayment of the Facility 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 section headed "Conditions Precedent to Drawdown" set out in the "Letter from the Board") or special dividends where disposal proceeds are, individually or cumulatively, in excess of US$1.0 million;

(f) funds drawn down under the Facility to be used exclusively for the redemption payment of the Convertible Bonds; and

(g) MPC to reimburse Larouge any costs and fees directly arising from the Facility and to pay a commitment fee and management fee in relation to the Facility.

As noted above, certain of MPC's shareholding in BLC is pledged as security for the Facility. The net asset value of MPC's 66.2 per cent interests in BLC, based on MPC's audited financial statements as at 31 December 2000, was approximately Pesos 29.1 billion (equivalent to approximately US$582.0 million or HK$4,539.6 million). Based on this valuation, a controlling stake in BLC would have an attributable value of not less than US$439.6 million (equivalent to approximately HK$3,428.9 million). The Facility is further secured by mandatory repayment on disposal of assets as discussed above. MPC's other major assets include an approximately 31.8 per cent interest in First e-Bank and an approximately 73.9 per cent interest in Nenaco, which are both companies listed on the Philippines Stock Exchange.

We note that the interest rate payable under the Facility is 15.0 per cent per annum. After having discussed with the Directors, in view that the main purpose of the Facility is to provide short term funding to MPC to enable it to meet its immediate debt obligations, and not for the purposes of investment, the interest charge is primarily imposed to cover the costs to the Company for the provision of the Facility. The interest rate of 15.0 per cent was arrived at after taking into account (i) the short term nature of the Facility; (ii) costs of funds to the First Pacific Group (which is substantially below 15.0 per cent per annum); (iii) the substantially reduced risks since the Facility of

US$90.0 million (equivalent to approximately HK$702.0 million) is fully secured by a controlling stake in BLC, which has an attributable net asset value of not less than US$439.6 million (equivalent to approximately HK$3,428.9 million); and (iv) the potential return that can be generated had the Company placed the funds advanced under the Facility in the short term money market (for example, a six-month US$ bank deposit in Hong Kong would yield approximately 4.5 per cent per annum), we share the Board's view that the interest rate payable under the Facility is sufficient to cover the cost incurred by the Company in provision of the Facility and thus considered to be reasonable.

On the basis that (i) the Facility will be secured by the controlling stake in BLC; (ii) the net proceeds from any fund raising and asset disposal activities of MPC will be mandatorily applied directly towards repayment of the Facility; (iii) the Facility will be used exclusively for meeting the imminent redemption obligation by MPC under the Convertible Bonds and to improve its financial position; and (iv) the interest charge will cover the costs to the Company in provision of the Facility, we concur with the Board's view that the terms of the Facility are fair and reasonable and in the interest of the First Pacific Group as a whole so far as the Independent Shareholders are concerned.

In addition, the Facility Agreement is subject to various conditions, the details of which are set out in the section headed "Conditions Precedent to Drawdown" in the "Letter from the Board". A summary of the key conditions precedent are as follows:

(a) the approval of the Transaction by the Independent Shareholders at the Special General Meeting;

(b) a non-legally binding memorandum of understanding having been entered into in relation to the recapitalisation of First e-Bank;

(c) documentation having been entered into in respect of the sale of certain property related assets by the Metro Pacific Group;

(d) the entering into of a non-legally binding memorandum of understanding in respect of the refinancing of certain existing indebtedness of BLC; and

(e) at the time of drawdown there being no event of default, acceleration or unsatisfied demand under any other facilities (including obligations under guarantees) of MPC, First Pacific Group or any member of the First Pacific Group.

We have reviewed the conditions precedent, and in particular, conditions (b), (c) and (d) above, and consider that such conditions require MPC to take the appropriate actions to first improve its short term financial position before the drawdown of the Facility and are therefore in the interest of the Company.

3. Repayment of the Facility

Based on our discussions with the Directors, the Board has reviewed a number of factors in order to assess MPC's ability to service the interests and principal repayment of the Facility, including MPC's financial position, projected cash flow and portfolio of assets, prospects of MPC's business operations and outlook of the economy and property market in the Philippines. MPC's current principal source of operating cash flow comes from the sale of units in Pacific Plaza Towers, a luxury residential condominium development which was recently completed. Based on the information provided by the directors of MPC on the projected sale of units in Pacific Plaza Towers and the projected cash flow of MPC, we concur with the Board's belief that, following the 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$218.41 million), while interest payments 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 Facility is extended in the discretion of Larouge).

MPC intends to repay the principal under the Facility by raising new medium to long term funding from the domestic and international debt or equity markets. Should such fund raising activities be unsuccessful, MPC would dispose of certain of its assets, including part, or all, of its shares in BLC. The disposal of BLC shares pledged against the Facility would require prior approval by the Company. The success of such asset disposal is highly dependent on the property market conditions and the economic and political situation in the Philippines. We concur with the view of the board of directors of MPC that there seems to be an improvement of the market conditions in the Philippines, which will have a positive effect on MPC's property development business and that MPC will be able to service the interest payments and repay the Facility in full upon maturity. Based on various market commentaries and research reports on the property market in the Philippines, there seems to be a possibility of a supply vacuum in the office sector from 2002 onwards. Having considered a project development schedule of around two to three years, it is expected that office developments initiated this year could take advantage of the supply shortage situation starting from 2002 and benefit from a possible market upturn.

Should the expected recovery in the Philippines property market not materialise in the near term, it might make it more difficult for MPC to raise new funding and/or dispose of its assets, including part, or all of its shares in BLC at an optimal price. In the case where MPC does not raise sufficient cash resources to repay the Facilities by 31 December 2001 at the latest, the Company will take possession of the collateral, being a controlling stake in BLC pledged under the Facility, and consider the disposal of the same to recoup its funds. We concur with the Board's belief that, the proceeds from the sale of not less than 50 per cent in BLC should enable the Company to recoup the principal of US$90.0 million (equivalent to approximately HK$702.0 million) in full.

4. Review of MPC's Business Operations and Financial Position

(a) Overview of MPC

MPC is a leading residential and commercial property developer based in the Philippines which has been listed on the Philippine Stock Exchange since May 1990. Since 1999, it has been divesting its non-core assets and businesses including its interest in consumer products, packaging and telecommunications businesses, with the aim of focusing on its core business of property development and investment. Following MPC's recent divestment program, over 94.0 per cent of MPC's assets are devoted to property-related activities. MPC's major asset is an effective interest of 66.2 per cent in BLC, which in turn holds a 55.0 per cent effective interest in FBDC. MPC's other business operations include residential and commercial property development, banking and shipping. A detailed description of MPC's business activities are provided in the section headed "Businesses of MPC" in the "Letter from the Board".

(b) Financial Review of MPC

As noted in the "Letter from the Board", MPC reported audited consolidated net income of approximately Pesos 2.3 billion (equivalent to approximately US$46.0 million or HK$358.8 million) for the last financial year ended 31 December 2000, which mainly comprised a net gain of approximately Pesos 5.0 billion (equivalent to approximately US$100.0 million or HK$780.0 million) from the sale of an 8.0 per cent stake in PLDT.

As at the Latest Practicable Date, MPC had available cash resources of approximately Pesos 303.0 million (equivalent to approximately US$6.1 million or HK$47.6 million) and total debt of approximately Pesos 9.9 billion (equivalent to approximately US$198.0 million or HK$1,544.4 million), of which approximately 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 approximately 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 Convertible Bonds and working capital credit lines.

(c) Prospects of MPC

The directors of MPC believe that MPC's property businesses are well-positioned to benefit from the anticipated improvements in the domestic economic climate in the Philippines. With the recent change in the presidency, the directors of MPC believe that there will be a reduction in uncertainty that has been associated with the political environment in the Philippines for much of 2000. Also, as little new inventory is expected in the Grade A central business district, the existing 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.

The directors of MPC also believe that various developments within the Fort Bonifacio Global City will benefit from a number of competitive advantages over competing countries in the ASEAN region. Coupled with the new government's support for various sectors of the economy, in particular information technology and tourism, the directors of MPC believe that the Metro Pacific Group will encounter significant opportunity in the medium to longer term.

Given the scale of the Metro Pacific Group's existing investment in their projects, it is MPC's intention that existing developments are progressed with little or no new capital from MPC. In addition, there are on-going initiatives to rehabilitate and improve the prospects of MPC's remaining non-property assets, as a result of which little or no additional funding support will be required in the near to medium term.

5. Funding of the Transaction and financial effects to the First Pacific Group

The Company had available cash resources of approximately US$160.3 million (equivalent to approximately HK$1,250.3 million) and total debt of approximately US$317.9 million (equivalent to approximately HK$2,479.6 million) as at the Latest Practicable Date. The Facility will be financed from the Company's existing cash resources. Upon completion of the Transaction, on a pro forma basis, there would be no material effect on the First Pacific Group's consolidated net profits attributable to ordinary shareholders and gearing level.

Based on the Company's financial statements at the company level and as at the Latest Practicable Date, the Company's net debt over shareholders' equity will increase moderately from approximately 10 per cent to approximately 15.9 per cent subsequent to the extension of the Facility. In the event that MPC is unable to repay the Facility and the Company decides to take possession of its security, being the BLC shares, the Company's gearing level will remain at approximately 15.9 per cent until it is able to successfully realize cash proceeds from the disposal of the said BLC shares.

After taking into consideration the available internal cash resources after full drawdown of the Facility and cash flow from operations to the Company, we concur with the Board's view that the provision of the Facility will not affect the Company's ability to service its own debt obligations.

The Company has outstanding convertible bonds which are due for redemption in March 2002, the total redemption cost is estimated to be approximately US$359.3 million (equivalent to approximately HK$2,802.5 million). Should MPC be unable to repay the Facility by 31 December 2001, the Company will immediately take possession of the BLC shares, and dispose of the same in the market to recoup its funds. Therefore, we concur with the Board's view that the provision of the Facility should not affect the Company's ability to meet its own convertible bond redemption obligations. In the event where the disposal of BLC shares does not materialise before March 2002, the Company may need to seek additional external debt or equity funding, and/or disposal of certain other assets in order to meet its convertible bond redemption obligations.

6. Other considerations

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.

Given the scale of the MPC Group's existing investment in its property 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 believes that little or no additional funding support will be required for the non-property assets in the near to medium term.

SUMMARY

Having considered the above principal factors and reasons, we would draw your attention to the following key factors in arriving at our conclusion:

(a) the Company has an aggregate direct and indirect economic interest of approximately 80.6 per cent in MPC and the Facility will be used exclusively to enable MPC to meet the immediate redemption obligations under the Convertible Bonds in April 2001;

(b) the Facility will allow MPC to improve its financial position whilst giving it an opportunity to take advantage of the expected improvement in the political and economic environment in the Philippines to raise long term funding consistent with the long term nature of its projects and to undertake an orderly disposal of assets and the implementation of other restructuring measures, while also avoiding potential cross defaults on other First Pacific Group company facilities;

(c) the Facility will be secured by not less than 50.0 per cent of all BLC outstanding shares held by MPC, such a shareholding has an attributable net asset value of not less than US$439.6 million (equivalent to approximately HK$3,428.9 million), which when compared with the principal of US$90.0 million (equivalent to approximately HK$702.0 million) provides a coverage ratio of 4.9 times;

(d) the mandatory repayment requirements under the Facility Agreement;

(e) there are on-going initiatives to rehabilitate and improve the prospects of MPC's non-property assets;

(f) the Company will fund the Facility by available cash resources and there would be no material effect on the First Pacific Group's consolidated net profits attributable to ordinary shareholders and gearing level; and

(g) in the event that the Company is not repaid in full by 31 December 2001, the Company should be able to recoup the full principal amount under the Facility by taking possession of the BLC shares and disposing them in the market.

On the above basis, having taken into account the various risk factors discussed above, we consider the terms of the Facility Agreement to be fair and reasonable and in the interest of the First Pacific Group, as a whole, so far as the Independent Shareholders are concerned.

RECOMMENDATION

Having considered the above principal factors and reasons and the terms of the Facility Agreement, we consider its terms to be fair and reasonable so far as the Independent Shareholders are concerned and the Transaction is in the interest of the First Pacific Group as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of ordinary resolution to approve the Transaction as detailed in the notice of the Special General Meeting set out on pages 39 to 40 of the Circular.

Yours very truly,
For and on behalf of
N M Rothschild & Sons (Hong Kong) Limited
Joseph Chu
Director

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to First Pacific. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

(a) As at the Latest Practicable Date prior to the printing of this circular, the Directors had the following interests in the shares of First Pacific which had been notified to First Pacific and the Stock Exchange pursuant to Section 28 or Section 31 of the SDI Ordinance or which had been entered in the register referred to in Section 29 of the SDI Ordinance pursuant to the requirements of that section or are required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to First Pacific and the Stock Exchange:

Name	First Pacific ordinary shares	First Pacific ordinary share options
Interests of Sutanto Djuhar, Tedy Djuhar, Ibrahim Risjad and Anthoni Salim all via First Pacific Investments Limited	790,229,364(C)	–
Interest of Anthoni Salim via First Pacific Investments (B.V.I.) Limited	582,076,361(C)	–
Manuel V. Pangilinan	11,136,759(P)	12,498,000(P)
Michael J.A. Healy	147,990(P)	2,968,000(P)
Ronald A. Brown	2,452,640(P)	3,864,000(P)
David G. Eastlake	108,241(P)	2,060,000(P)
Ricardo S. Pascua	3,000,000(P)	–
Edward A. Tortorici	12,624,129(P)	6,476,000(P)
Prof. Edward K.Y. Chen, CBE, JP	–	–
David W.C. Tang, OBE	–	–

(b) The interests of the Directors as at the Latest Practicable Date in the capital of First Pacific's associated corporations were as follows:

- Manuel V. Pangilinan owned 14,948,064 common shares (P) in MPC and 22,300 common shares (P) in PLDT. In addition, he was entitled to 97,571 stock options (P) in PLDT.

- Michael J.A. Healy owned 625,000 ordinary shares (P) in P.T. Indofood Sukses Makmur Tbk.

- Ronald A. Brown owned 582,500 ordinary shares (P) in P.T. Indofood Sukses Makmur Tbk.

- Ricardo S. Pascua owned 16,881,026 common shares (P) in MPC, 6,424 common shares (P) in PLDT and 370,000 common shares (P) in FBDC. In addition, he was entitled to 45,067,368 stock options (P) in MPC and 15,582,000 stock options (P) in FBDC.

- Edward A. Tortorici owned 3,051,348 common shares (P) in MPC, 96,880 common shares (P) in PLDT and 2,450,000 ordinary shares (P) in P.T. Indofood Sukses Makmur Tbk.

- Sutanto Djuhar owned 15,520,335 ordinary shares (C) in P.T. Indofood Sukses Makmur Tbk.

- Tedy Djuhar owned 15,520,335 ordinary shares (C) in P.T. Indofood Sukses Makmur Tbk.

- Ibrahim Risjad owned 6,406,180 ordinary shares (C) in P.T. Indofood Sukses Makmur Tbk.

- Anthoni Salim owned 758,845 ordinary shares (C) in P.T. Indofood Sukses Makmur Tbk and a US$50,000,000 Convertible Note (C) in First Pacific.

Notes: (C) = Corporate interest (P) = Personal interest

(c) Save as disclosed herein, as at the Latest Practicable Date, no Director or chief executive of First Pacific was interested beneficially in any equity or debt securities of First Pacific or any associated corporations (within the meaning of the SDI Ordinance) which are required to be notified to First Pacific and the Stock Exchange pursuant to Section 28 of the SDI Ordinance (including interests which he is taken or deemed to have under Section 31 of Part I of the Schedule to the SDI Ordinance) or which are required, pursuant to Section 29 of the SDI Ordinance, to be entered in the register referred to therein or which are required to be notified to First Pacific and the Stock Exchange pursuant to the Model Code for Securities Transactions by directors of Listed Companies.

(d) First Pacific Investments Limited and First Pacific Investments (B.V.I.) Limited beneficially held a total of 1,372,305,725 Shares of First Pacific in their name as at the Latest Practicable Date. Of such Shares, 790,229,364 Shares, representing 25.2 per cent have been included in the interests of four Directors' corporate interests via First Pacific Investments Limited as referred to in section 2(a) above. The remaining 582,076,361

Shares, representing 18.5 per cent, held by First Pacific Investments (B.V.I.) Limited, for the account of Anthoni Salim, have also been included in his interest as disclosed in section 2(a) above.

According to notification to First Pacific by The Capital Group Companies, Inc. pursuant to the SDI Ordinance, The Capital Group Companies, Inc. held 502,432,284 Shares, representing 16.0 per cent as at the Latest Practicable Date.

Save as aforesaid, so far as the Directors are aware, there are no other parties (not being Directors or the chief executive of First Pacific) who were, as at the Latest Practicable Date, interested directly or indirectly in ten per cent or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of First Pacific.

(e) As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with First Pacific, or any of its subsidiaries, which is not determinable within one year without payment of compensation (other than statutory compensation).

(f) As at the Latest Practicable Date, none of the Directors nor ING Barings, had any direct or indirect interest in any assets which have been acquired, disposed of by, or leased to, or are proposed to be acquired or disposed of by, or leased to, First Pacific or any of its subsidiaries since 31 December 1999 (being the date to which the latest published audited consolidated financial statements of the First Pacific Group were made up).

(g) Save as disclosed herein, there is no contract or arrangement subsisting as at the date of this circular in which any of the Directors is materially interested and which is significant in relation to the business of the First Pacific Group.

(h) The Directors are not aware of any material adverse change in the financial or trading position of the First Pacific Group since 31 December 1999 (being the date to which the latest published audited consolidated financial statements of the First Pacific Group were made up).

3. LITIGATION

No material litigation or claims are threatened or pending against First Pacific or any of its subsidiaries and the Directors, having made all reasonable enquiries, are not aware that any such material litigation or claims are pending or threatened against First Pacific or any of its subsidiaries.

4. EXPERT

(a) Rothschild is a registered investment adviser under the Securities Ordinance (Chapter 333 of the Laws of Hong Kong), and does not have any shareholding in any member of the First Pacific Group nor any right (whether legally enforceable or not) to subscribe for securities in any member of the First Pacific Group.

(b) Rothschild has given and has not withdrawn its written consent to the issue of this circular, with the inclusion of its letter and references to its name in the form and context in which they appear, and such letter, and the recommendation given by Rothschild, is given as at the date of this circular for incorporation herein.

5. MISCELLANEOUS

(a) The Secretary of First Pacific is Ronald A. Brown, A.B., J.D., M.P.A..

(b) The registered office of First Pacific is at Cedar House, 41 Cedar Avenue, Hamilton HM12, Bermuda, and the head office is at 24th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong SAR.

(c) The Principal Share Registrar and Transfer Office is Butterfield Corporate Services Limited at Rosebank Centre, 11 Bermudiana Road, Pembroke, Bermuda.

(d) The Share Registrar and Transfer Office (Hong Kong Branch) is Central Registration Hong Kong Limited at Rooms 1901-5, 19th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong SAR.

6. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Facility Agreement is available for inspection during normal business hours at the head office in Hong Kong of First Pacific on any week day (except public holidays) up to and including 11 April 2001.

FIRST PACIFIC COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

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 the Company.

2. A form of voting proxy for the special general meeting is enclosed. 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 the Company'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.

FIRST PACIFIC

FIRST PACIFIC COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

Form of proxy for the Special General Meeting ("SGM") of First Pacific Company Limited (the "Company") 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. and any adjournment thereof.

I/We[1] ____________________ and ____________________

of ____,

being the registered holder(s) of[2] ____________________ ordinary shares of US$0.01 each in the capital of the Company hereby appoint the Chairman of the SGM or[3] ____________________ of

____

as my/our proxy to attend and vote on my/our behalf at the SGM and any adjournment thereof in respect of the resolution to be put to the SGM as set out in the notice convening the SGM[4]. The proxy will vote as indicated below in respect of the resolution set out in the notice convening the SGM:

RESOLUTION	FOR[5]	AGAINST[5]
ORDINARY RESOLUTION		

Signed this ____________ day of ____________, 2001

Signature[6] ____________________

NOTES:–

1. Full name(s) and address(es) to be inserted in BLOCK CAPITALS. The names of all joint holders should be stated.
2. Please insert the number of ordinary shares of US$0.01 each in the capital of the Company registered in your name(s). If no number is inserted, this form of proxy will be deemed to relate to all such shares of the Company registered in your name(s).
3. If any proxy other than the Chairman of the SGM is appointed, strike out "the Chairman of the SGM or" and insert the name and address of the proxy desired in the space provided. A proxy need not be a member of the Company.
4. Completion and return of this form of proxy will not preclude you from attending and voting at the SGM should you so wish.
5. IMPORTANT: If you wish to vote for a resolution, place a "**X**" in the relevant box marked "FOR". If you wish to vote against a resolution, place a "**X**" in the relevant box marked "AGAINST". Failure to complete a box will entitle your proxy to cast your vote(s) or abstain at his discretion. Your proxy will also be entitled to vote or abstain at his discretion on any resolution properly put to the SGM other than those referred to in the notice convening the SGM.
6. This form of proxy must be signed by you or your attorney duly authorised in writing, or in the case of a corporation, must be either under its common seal or under the hand of an officer or attorney duly authorised.
7. **In order to be valid, this form of proxy, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority, must be lodged at the Company's head office (Attention: Corporate Secretarial Department) at 24th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong SAR, not later than 48 hours prior to the time appointed for holding the SGM or any adjourned meeting (as the case may be).**
8. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holder(s), and for this purpose, seniority will be determined by the order in which the names stand in the register of members of First Pacific in respect of the joint holding.
9. Any alterations made to this form of proxy must be initialled by the person who signs it.