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FIRST PACIFIC COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

ANNOUNCEMENT

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

AND

TENDER OFFER FOR OUTSTANDING CONVERTIBLE BONDS

SHORT TERM LOAN FACILITY

First Pacific announces that its wholly-owned subsidiary, Larouge, has been advised by MPC that it is unable to repay the Loan which was due and payable on 31st December, 2001. Larouge is a secured creditor in respect of a 50.4 per cent equity interest in BLC owned by MPC.

This follows First Pacific's extension of the original 31st October, 2001 repayment date, which was announced on 1st November, 2001, in light of MPC's decision to offer for sale its entire 69.6 per cent controlling equity interest in BLC.

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

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

TENDER OFFER FOR OUTSTANDING CONVERTIBLE BONDS

First Pacific also announces that its wholly-owned subsidiary, First Pacific Capital (1997) Limited, will, subject to the approval of the trustee appointed in relation to the Bonds, make a tender offer for all of the Bonds currently outstanding in the principal amount of US\$208 million (HK\$1.6 billion), at a total cost, including interest and redemption premium, of

approximately US\$281 million (HK\$2.2 billion), which will be funded by US\$90 million (HK\$702 million) of cash on hand and by drawing down sufficient funds from its HK\$1.56 billion (US\$200 million) facility announced on 5th November, 2001. Further details of the tender offer will be announced as soon as they are discussed and finalized with the trustee.

SHORT TERM FACILITY

Background

Reference is made to First Pacific's announcement of 26th March, 2001, and shareholder circular of 28th March, 2001, in relation to the entering into of a conditional Facility Agreement with MPC; the announcement of 3rd October, 2001, in relation to MPC undertaking to review strategic alternatives for its 69.6 per cent controlling interest in BLC; and the announcement of 1st November, 2001, in relation to extending the maturity date for the repayment of the Loan.

As set out in First Pacific's shareholder circular dated 28th March, 2001, Larouge advanced the Loan to MPC upon and subject to the terms and conditions of the Facility Agreement, details of which are summarized in the same shareholder circular. The Loan was secured by a pledge over shares that MPC and/or its affiliates own in BLC representing approximately 50.4 per cent of the issued share capital of BLC. BLC is a 55.0 per cent shareholder in a joint venture project with the Philippine Government that commenced, in 1995, the re-development of a 155-hectare portion of a new Metro Manila central business district (namely the "Bonifacio Global City"), that previously was a Philippine military base.

Under the Facility Agreement, the Loan was repayable on demand by Larouge at any time. If no demand was made prior to 31st October, 2001, the outstanding principal amount of the Loan, together with all interest accrued thereon and other moneys due, was repayable on that date; provided however that Larouge was permitted, in its absolute discretion, to extend the final date for repayment to a date no later than 31st December, 2001.

On 1st November, 2001, First Pacific announced that Larouge had agreed, in its discretion, to extend to 31st December, 2001, the final maturity date for repayment of the Loan, in light of MPC's decision to offer for sale its entire 69.6 per cent interest in BLC. At that time, it was decided by MPC to seek to repay the loan with some of the proceeds from the sale of its controlling interest in BLC rather than from sales of individual parcels of land at Fort Bonifacio. Subsequent to this extension of time, First Pacific assigned two senior executives to Manila to focus upon MPC's ongoing initiatives to address all of its financial obligations.

Rationale for continuing the sale of BLC

Due principally to continued depressed real estate values in the Philippines, MPC has not yet been able to conclude a sale of its interest in BLC. As a result, MPC has now advised that it is unable to repay the Loan of US\$90 million (HK\$702.0 million) and accrued outstanding interest of US\$8.2 million (HK\$64.0 million). However, MPC remains in discussions with potential purchasers for such interest.

In light of the foregoing, First Pacific will now, as a senior secured creditor, co-manage with MPC the on-going sale of MPC's 69.6 per cent controlling stake in BLC. When agreement is reached for such a sale, First Pacific, as a senior secured creditor, would offer the 50.4 per cent interest in BLC as part of the sale transaction, which should be sufficient to recover the Loan and

accrued outstanding interest.

Impact on First Pacific

MPC's inability to repay Larouge will require the Company to increase the amount of the draw down, under its two-year HK\$1.56 billion (US\$200 million) facility announced on 5th November, 2001, in order to repay the Bonds by 27th March, 2002. If the Company does not ultimately recover the Loan, First Pacific would need to raise additional funds through a disposal of assets or the issue of a financial instrument.

MPC plan to reduce financial obligations

Meanwhile, MPC is in the process of finalising a plan to reduce MPC's overall existing financial obligations, which plan will be announced by no later than the end of February 2002. There follows an analysis of MPC's current financial position.

Nine months ended 30th September, 2001 (unaudited)	Pesos millions	US\$ millions	HK\$ millions
Cash	898	17.4	135.5
Debt	<u>18,323</u>	<u>354.4</u>	<u>2,764.4</u>
Net indebtedness	<u>17,425</u>	<u>337.0</u>	<u>2,628.9</u>
Net asset value*	32,666	631.8	4,928.3
Revenues	5,487	106.1	827.8
(Loss) for the period	(2,208)	(42.7)	(333.1)

** In view of the depressed real estate values in the Philippines, realizable values may be less than unaudited net asset value as at 30th September, 2001*

TENDER OFFER FOR OUTSTANDING CONVERTIBLE BONDS

In light of MPC's inability to repay Larouge, the Board wishes to allay any concerns that might exist with respect to First Pacific's ability to fully repay the Bonds on maturity. Therefore, as the Company has the necessary resources to effect full repayment, and given the short time frame to maturity, the Board considers it would be in the best interests of both shareholders and bondholders to accelerate the repayment of the outstanding Bonds.

Accordingly, First Pacific announces that its wholly-owned subsidiary, First Pacific Capital (1997) Limited, will, subject to the approval of the trustee appointed in relation to the Bonds, make a tender offer for all of the Bonds currently outstanding in the principal amount of US\$208 million (HK\$1.6 billion), at a total cost, including interest and redemption premium, of approximately US\$281 million (HK\$2.2 billion). The repayment will be funded by US\$90 million (HK\$702 million) of cash on hand and by drawing down sufficient funds from its HK\$1.56 billion (US\$200 million) facility which was announced on 5th November, 2001.

MPC's inability to repay Larouge does not prevent drawdown under this facility.

In the event that the trustee of the Bonds withholds approval for such a tender offer, the bondholders may either declare the Bonds immediately due and payable (in accordance with the Bonds' certification procedures), or be repaid on the original maturity date of 27th March, 2002.

Further details of the tender offer will be announced as soon as they are discussed and finalized with the trustee.

First Pacific will make further announcements on these matters as and when appropriate.

DEFINITIONS

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

“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 69.6 per cent;
“Board”	the board of directors of First Pacific;
“Bonds”	2 per cent guaranteed convertible bonds, in the amount of US\$350 million (HK\$2.7 billion), issued by First Pacific Capital (1997) Limited, a wholly-owned subsidiary of First Pacific, and guaranteed by First Pacific. The Bonds are redeemable at a price of 134 per cent of face value;
“Facility Agreement”	the Facility Agreement dated 26th March, 2001, entered into by Larouge and MPC in relation to the Loan as amended;
“First Pacific” or “the Company”	First Pacific Company Limited;
“Larouge”	Larouge B.V., a company incorporated under the laws of the Netherlands and a wholly-owned subsidiary of First Pacific;
“Loan”	the short term loan facility in an aggregate principal amount of US\$90.0 million (HK\$702.0 million) advanced to MPC by Larouge under the Facility Agreement, which is secured by a 50.4 per cent interest in BLC held by MPC; and
“MPC”	Metro Pacific Corporation, a corporation established under the laws of the Republic of the Philippines and the shares 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.

For illustration purposes, translations of amounts have been made on an approximate basis at the rates of US\$1 = HK\$7.8 = Pesos 51.7. Percentages, and figures expressed in billions and

millions, have been rounded.

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

Hong Kong, 9th January, 2002

Please also refer to the published version of this announcement in the South China Morning Post (English) and Hong Kong Economic Times (Chinese).