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## **THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

**If you are in any doubt** as to any aspect of this circular or 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 or transferred** all of your shares in First Pacific Company Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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### **FIRST PACIFIC COMPANY LIMITED**

*(Incorporated in Bermuda with limited liability)*

#### **MAJOR AND CONNECTED TRANSACTION**

#### **SALE AND ASSIGNMENT OF LAROUGE LOAN AND PLEDGED 50.4 PER CENT SHAREHOLDING IN BONIFACIO LAND CORPORATION TO EVERGREEN HOLDINGS, INC. AND AYALA LAND, INC.**

**Financial adviser to First Pacific Company Limited**



**Independent financial adviser to the Independent Board Committee**



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A letter from the independent board committee of First Pacific Company Limited containing its recommendation in respect of the Larouge Transaction (as defined herein) is set out on page 25 of this circular. A letter from N M Rothschild & Sons (Hong Kong) Limited containing its advice to the independent board committee of First Pacific Company Limited in respect of the Larouge Transaction is set out on pages 26 to 34 of this circular.

A notice convening a special general meeting of First Pacific Company Limited to be held at The Washington Room, The American Club, 47th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong SAR on Wednesday, 19th March, 2003 at 12:00 noon is set out on pages 56 to 57 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 (Attention: Corporate Secretarial Department) 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.

28th February, 2003

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:–*

“Average Reference Rate”	the weighted average of the Reference Rates for a period of 10 successive business days prior to the date of closing of the Larouge Agreement, taking into consideration the respective total volume of transactions applicable to each Reference Rate;
“Ayala Land”	Ayala Land, Inc., a corporation established under the laws of the Republic of the Philippines and the shares of which are listed on the Philippine Stock Exchange;
“Balance BLC Note”	the negotiable promissory note with a face amount of Pesos 132.0 million (US\$2.4 million; HK\$19.0 million), bearing interest at 14.0 per cent per annum, issued by BLC in favour of MPC on 23rd November, 2002;
“Balance BLC Note Security”	the pledge agreement dated 23rd November, 2002 executed by BLC in favour of MPC covering the pledge over 232,772,422 shares in FBDC, representing 1.1 per cent of the issued share capital of FBDC, as security for payment of the Balance BLC Note;
“BCDA”	the Bases Conversion Development Authority, a Philippine government agency responsible for the privatisation 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 a controlling shareholding of 72.9 per cent;
“BLC Note”	the negotiable promissory note with a face value of Pesos 655.0 million (US\$12.1 million; HK\$94.5 million), bearing interest at 14.0 per cent per annum, issued by BLC in favour of MPC on 23rd November, 2002;
“BLC Note Security”	the pledge agreement dated 23rd November, 2002 executed by BLC in favour of MPC covering the pledge over 1,155,044,970 shares in FBDC, representing 5.6 per cent of the issued share capital of FBDC, as security for payment of the BLC Note;

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## DEFINITIONS

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“Board”	the board of Directors;
“Bonifacio Global City”	the envisioned city development which involves the conversion of 440 hectares of a 2,000 hectares military base into a major commercial and residential development;
“CB Richard Ellis”	CB Richard Ellis Limited, a property valuer, which is not connected with First Pacific, the directors, chief executive or substantial shareholders of First Pacific or any of its subsidiaries or any of their respective associates (as defined in the Listing Rules);
“Company” or “First Pacific”	First Pacific Company Limited, a company incorporated in Bermuda whose shares are listed on the Stock Exchange;
“Consideration”	the amount in US\$ equivalent to the sum of (i) US\$45.0 million (HK\$351.0 million) and (ii) the Pesos equivalent of US\$45.0 million (HK\$351.0 million) (computed by multiplying US\$45.0 million by 53) converted into US\$ using the Average Reference Rate;
“Dacion Assets”	the assets to be assigned to MPC for the purpose of fully settling the MPC Note, consisting of parcels of land comprising 55 per cent of the aggregate area of NCBD Parcels and which are currently mortgaged to a third party, other specified land, and receivables in the aggregate amount of Pesos 330.0 million (US\$6.1 million; HK\$47.6 million) arising as a consequence of the comprehensive settlement with BCDA as referred to in the Letter from the Company in the section headed “Conditions to execution of definitive implementing agreements”;
“Directors”	the directors of First Pacific;
“EA Group”	Evergreen Holdings and Ayala Land;
“Evergreen Holdings”	Evergreen Holdings, Inc., a corporation established under the laws of the Republic of the Philippines, and which is an affiliate of Greenfield Development;
“FBDC”	Fort Bonifacio Development Corporation, a corporation established under the laws of the Republic of the Philippines and in which BLC has an economic interest of 55.0 per cent and BCDA has an economic interest of 45.0 per cent;

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## DEFINITIONS

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“First Pacific Group”	the Company and its subsidiaries;
“First Pacific Shares”	ordinary shares of First Pacific with a par value of US\$0.01 each;
“Greenfield Development”	Greenfield Development Corporation, a corporation established under the laws of the Republic of the Philippines, and which is affiliated to United Laboratories, Inc., a corporation established under the laws of the Republic of the Philippines;
“Hong Kong” or “Hong Kong SAR”	the Hong Kong Special Administrative Region of the People’s Republic China;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“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;
“Independent Shareholders”	shareholders of First Pacific other than Messrs. Manuel V. Pangilinan, Michael J. A. Healy and Edward A. Tortorici and their respective associates (as defined in the Listing Rules);
“ING”	the investment banking division of ING Bank based in Hong Kong which is the financial adviser to First Pacific in connection with the Transactions;
“ING Bank”	ING Bank N.V., a banking corporation duly organised and existing under the laws of the Netherlands, and an authorised institution under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) and an exempt dealer under the Securities Ordinance (Chapter 333 of the Laws of Hong Kong);
“ING Facility Agreement”	the HK\$1,560.0 million facility agreement dated 21st November, 2001 entered into between First Pacific Consumer Products Limited, First Pacific, ING Barings Asia Limited, the financial institutions referred to therein as Lenders and ING Bank as agent and security trustee;

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## DEFINITIONS

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“ING Security Assignment”	the security assignment dated 21st December, 2001 entered into between Larouge and ING Bank pursuant to which Larouge, as security for the obligations under the ING Facility Agreement, assigned by way of security, its interests under the Larouge Loan and the Larouge Pledge, which is anticipated to be released by ING Bank simultaneous with closing of the Larouge Transaction;
“Larouge”	Larouge B.V., a company incorporated under the laws of the Netherlands, and which is a wholly owned subsidiary of the Company;
“Larouge Agreement”	the assignment agreement dated 8th February, 2003 entered into between Larouge, Evergreen Holdings, Ayala Land and Greenfield Development in relation to the sale and assignment of the Larouge Loan and the Larouge Pledge;
“Larouge 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 a facility agreement dated 26th March, 2001, as amended pursuant to a Deed of Amendment and Reconfirmation dated 31st October, 2001 entered into between MPC and Larouge and as further amended, to exclude all payments other than of principal payable to Larouge thereunder, by the Larouge Loan Supplemental Deed;
“Larouge Loan Supplemental Deed”	the supplemental deed dated 8th February, 2003 entered into by MPC and Larouge in relation to the amendment of the Larouge Loan to exclude all payments other than of principal payable to Larouge thereunder;
“Larouge Pledge”	the pledge granted by MPC over 50.4 per cent of the outstanding common stock of BLC in favour of Larouge pursuant to the pledge agreement dated 6th April, 2001 executed by MPC (and the other pledgors named therein) to secure the obligations of MPC under the Larouge Loan, as amended by the Larouge Pledge Supplemental Agreement;
“Larouge Pledge Supplemental Agreement”	the supplemental agreement dated 8th February, 2003 entered into by MPC and Larouge for the purpose of amending the Larouge Pledge so as, inter alia, to exclude all payments other than of principal payable to Larouge under the Larouge Loan from the definition of “Secured Indebtedness” as defined therein;

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## DEFINITIONS

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“Larouge Transaction”	the transactions contemplated under the Larouge Agreement;
“Latest Practicable Date”	27th February, 2003 being the latest practicable date for the collation of relevant information prior to the printing of this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“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. The First Pacific Group has an aggregate direct and indirect attributable economic interest in MPC of 80.6 per cent;
“MPC Agreement”	the agreement dated 23rd November, 2002 entered into between MPC, Greenfield Development and Ayala Land in relation to, amongst other things, a proposed restructuring of certain of MPC’s indebtedness, as amended pursuant to an amendment agreement dated 8th February, 2003 entered into between MPC, Evergreen Holdings and Ayala Land;
“MPC Note”	the negotiable promissory note with a face amount of Pesos 3,772.6 million (US\$69.8 million; HK\$544.4 million) contemplated under the MPC Agreement to be issued by BLC in favour of MPC;
“MPC Note Security”	the deed of pledge contemplated under the MPC Agreement to be executed by BLC in favour of MPC to cover the pledge over 4,429,080,578 shares in FBDC, representing 21.3 per cent of the issued share capital of FBDC, as security for payment of the MPC Note;
“MPC Transaction”	the transactions contemplated under the MPC Agreement;
“NCBD Parcels”	certain parcels of land (located in the Northern Central Business District of the Bonifacio Global City) with an aggregate area of 189,629 square meters registered in the name of FBDC;
“Pesos”	Philippine pesos, the lawful currency of the Republic of the Philippines;

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## DEFINITIONS

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“Pre-Closing Pledge Agreement”	the pledge agreement dated 23rd November, 2002 executed by MPC in favour of Greenfield Development and Ayala Land creating a pledge over the BLC Note (together with the BLC Note Security) and five per cent of BLC’s unencumbered shares, owned by MPC, as security for certain obligations of MPC under the MPC Agreement, as amended by the Amendment to Pledge Agreement dated 8th February, 2003 executed by MPC and the EA Group;
“Property”	the property assets that will remain in the ownership of FBDC pursuant to the completion of the Transactions;
“Reference Rate(s)”	the guiding rate for the exchange of one US\$ for Pesos and is computed as the weighted average of all foreign exchange transactions done through the Philippine Dealing System (PDS) during the preceding business day as displayed on Reuter’s PH Peso page as “PDS WT AVE”;
“Reference Rate Band”	the range between US\$1.00 : Pesos 55.65 and US\$1.00: Pesos 50.35;
“Rothschild”	N M Rothschild & Sons (Hong Kong) Limited, a registered investment adviser under the Securities Ordinance (Chapter 333 of the Laws of Hong Kong) and the independent financial adviser to the Independent Board Committee in respect of the Larouge Transaction;
“SDI Ordinance”	the Securities (Disclosure of Interests) Ordinance (Chapter 396 of the Laws of Hong Kong);
“Security Assignment”	the deed of assignment dated 23rd November, 2002 executed by Greenfield Development and Ayala Land in favour of MPC in respect of Greenfield Development’s and Ayala Land’s right to receive amounts to be paid by FBDC in settlement of its obligations under certain financing arrangements, together with the rights accruing in favour of Greenfield Development and Ayala Land under the real estate mortgage constituted thereunder, to the extent of the principal amount not exceeding Pesos 330.0 million (US\$6.1 million; HK\$47.6 million);



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## DEFINITIONS

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“Special General Meeting”	the special general meeting of First Pacific to be held at The Washington Room, The American Club, 47th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong SAR, on Wednesday, 19th March, 2003 at 12:00 noon, the notice of which is set out on pages 56 to 57 of this circular;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transactions”	the MPC Transaction and the Larouge Transaction;
“Unconditional Date”	31st March, 2003 or as extended by agreement between Larouge and the EA Group; and
“US\$”	United States dollars, the lawful currency of the United States of America.

*For the convenience of the reader, this circular, including the Appendices, contains translations of certain amounts into US\$ and HK\$ at the rates specified herein. Translations of amounts into US\$ and HK\$ have been made either at the rates prevailing for the period in question as individually specified, or at the rates prevailing on the Latest Practicable Date. Exchange rates for these dates are detailed on page 54. All translations are made on an approximate basis, and all quoted percentages and values are rounded. 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.*

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## LETTER FROM THE COMPANY

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### FIRST PACIFIC COMPANY LIMITED

*(Incorporated in Bermuda with limited liability)*

*Executive Directors:*

Manuel V. Pangilinan (*Executive Chairman*)

Ronald A. Brown

Michael J.A. Healy

Anthoni Salim

Edward A. Tortorici

*Head Office:*

24th Floor

Two Exchange Square

8 Connaught Place

Central

Hong Kong SAR, PRC

*Non-executive Directors:*

Sutanto Djuhar

Tedy Djuhar

Ibrahim Risjad

*Registered office:*

Cedar House

41 Cedar Avenue

Hamilton HM12

Bermuda

*Independent Non-executive Directors:*

Prof. Edward K.Y. Chen, CBE, JP

David W.C. Tang, OBE

28th February, 2003

Dear Shareholder,

### MAJOR AND CONNECTED TRANSACTION

#### **SALE AND ASSIGNMENT OF LAROUGE LOAN AND PLEDGED 50.4 PER CENT SHAREHOLDING IN BONIFACIO LAND CORPORATION TO EVERGREEN HOLDINGS, INC. AND AYALA LAND, INC.**

### INTRODUCTION

On 25th November, 2002, First Pacific announced that MPC had, on 23rd November, 2002, entered into the MPC Agreement with Greenfield Development and Ayala Land, which anticipates the sale and assignment by Larouge of the Larouge Loan and the Larouge Pledge for a consideration of US\$90.0 million (HK\$702.0 million).

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## LETTER FROM THE COMPANY

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On 11th February, 2003, First Pacific announced that, on 8th February, 2003, Larouge had entered into the Larouge Agreement with Evergreen Holdings, Ayala Land and Greenfield Development, which provides for the sale and assignment of the Larouge Loan and the Larouge Pledge to the EA Group.

The Transactions constitute a major transaction for First Pacific under Chapter 14 of the Listing Rules, whilst the Larouge Transaction also constitutes a connected transaction for First Pacific under Chapter 14 of the Listing Rules.

The purpose of this circular is to:–

- (1) provide the shareholders of First Pacific with further information in relation to the Transactions; 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 Larouge Transaction.

This circular also contains a copy of the notice of the Special General Meeting of the Independent Shareholders to be held on 19th March, 2003 to consider and, if deemed fit, approve the Transactions pursuant to the Listing Rules.

### **LAROUGE LOAN**

Pursuant to a resolution of the shareholders of the Company passed on 11th April, 2001, an aggregate principal amount of US\$90.0 million (HK\$702.0 million) was advanced by Larouge, a wholly owned subsidiary of the Company, to MPC under a facility agreement dated 26th March, 2001. As described in the Company's announcement dated 9th January, 2002, MPC was unable to repay the Larouge Loan when it finally became due and payable on 31st December, 2001.

The Larouge Loan is secured by a 50.4 per cent equity interest in BLC owned by MPC and, as referred to in the Company's 9th January, 2002 announcement, the Company, as a result of Larouge being a secured creditor, has been co-managing with MPC the on-going sale of MPC's 72.9 per cent controlling shareholding in BLC since October 2001.

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## LETTER FROM THE COMPANY

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### THE TRANSACTIONS

#### The Larouge Transaction

The parties to the Larouge Agreement dated 8th February, 2003 are:–

- (i) Assignor: Larouge
- (ii) Assignees: Evergreen Holdings and Ayala Land (in a 50:50 ratio)
- (iii) Guarantor: Greenfield Development (as guarantor of the obligations of Evergreen Holdings)

Based on the information provided to First Pacific, each of Evergreen Holdings, Greenfield Development and Ayala Land, and their respective beneficial owners, is not connected with First Pacific, the directors, chief executive or substantial shareholders of First Pacific or any of its subsidiaries or any of their respective associates (as defined in the Listing Rules).

The Larouge Agreement provides that Larouge will, subject to the satisfaction (or waiver by Larouge or the EA Group, as the case may be) of certain conditions, assign the principal amount of the Larouge Loan, being an amount of US\$90.0 million (HK\$702.0 million) (and, therefore, approximately equal to the Consideration for the assignment referred to below) and its related rights under the Larouge Pledge to the EA Group for the Consideration in cash, at closing of the Larouge Agreement. All amounts other than principal which are payable to Larouge under or in respect of the Larouge Loan are excluded from the assignment to the EA Group (see “Balance of sums owing in respect of the Larouge Loan” below) and Larouge will constitute an unsecured creditor of MPC (in which the First Pacific Group has an aggregate direct and indirect attributable economic interest of 80.6 per cent) in respect of such amounts, ranking *pari passu* with all other unsecured creditors of MPC.

#### Consideration

The Consideration comprises the sum of (i) US\$45.0 million (HK\$351.0 million) and (ii) the Pesos equivalent of US\$45.0 million (HK\$351.0 million) (computed by multiplying US\$45.0 million by 53) converted into US\$ using the Average Reference Rate.

The Larouge Agreement also provides the EA Group with an exclusivity period from the date of the Larouge Agreement until the first to occur of (i) the Unconditional Date, (ii) the date of closing of the Larouge Agreement or (iii) the earlier termination of the Larouge Agreement. During the exclusivity period, Larouge is not permitted to transfer the Larouge Loan and the Larouge Pledge. A breach of the exclusivity provision by Larouge would render MPC liable to a penalty under the MPC Agreement.

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## LETTER FROM THE COMPANY

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### Conditions precedent to the Larouge Transaction

The Larouge Transaction constitutes a component of the MPC Transaction (further details of which are set out in the section headed “The MPC Transaction” below), and the Larouge Transaction and the MPC Transaction are inter-conditional – either both transactions will close or neither will.

The Larouge Agreement also contains additional conditions precedent, including amongst others:–

1. that ING Bank is not in the process of enforcing its rights under the ING Security Assignment;
2. receipt by Larouge and ING Bank of Dutch, English and Philippine legal opinions as applicable in respect of the Larouge Agreement and other related instruments or agreements;
3. no injunction or restraining order or similar action having been applied for in respect of MPC or any of its assets;
4. receipt by Larouge of evidence that the approval of:–
  - (a) the shareholders of First Pacific; and
  - (b) the board of directors of each of Evergreen Holdings and Ayala Land,in connection with the transactions contemplated by the Larouge Agreement have each been obtained and are in full force and effect;
5. (1) receipt by the EA Group of evidence that all authorisations, approvals and consents in relation to the assignment by Larouge to the EA Group of the Larouge Loan and the Larouge Pledge and the execution, delivery and performance by Larouge of the Larouge Agreement and other related instruments or agreements have been obtained; and (2) no amendment of ING Bank’s consent to the Larouge Transaction;
6. certain relevant conditions precedent from the MPC Agreement (as extracted and set out in the Larouge Agreement);
7. receipt by the EA Group of Dutch, English, Philippine and other legal opinions as applicable in respect of the Larouge Agreement and other related instruments or agreements;

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## LETTER FROM THE COMPANY

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8. that (1) Larouge, MPC and the other pledgors under the Larouge Pledge are a “going concern”; (2) neither Larouge, MPC or the other pledgors nor any other third party has taken any action to challenge the transactions contemplated by the Larouge Agreement, the Larouge Loan, the Larouge Pledge and other related instruments and agreements and no steps have been taken for the winding-up, administration, reorganisation, rehabilitation, or suspension of payment of debts, of Larouge, MPC or the other pledgors and no insolvency or similar proceedings have been commenced in respect of Larouge, MPC or the other pledgors;
9. no injunction, restraining order, attachment, execution, enforcement or similar action in respect of Larouge, MPC or the other pledgors under the Larouge Pledge or any of their revenues or assets;
10. no litigation against the pledgors under the Larouge Pledge which would materially and adversely affect their financial condition or ability to perform their obligations under the Larouge Loan or the Larouge Pledge and no writ of attachment, garnishment or similar process in respect of any of the pledgor’s revenues or assets;
11. no action for winding-up of any of the pledgors under the Larouge Pledge or appointment of a receiver, trustee, judicial manager or similar officer in respect of the pledgors or any of their property or assets; and
12. the representations and warranties given by Larouge and the EA Group under the Larouge Agreement remaining true and correct.

ING Bank has given its consent under the ING Security Assignment, to the Larouge Transaction and, subject to inter alia the fulfilment or waiver of the conditions precedent to closing of the Larouge Transaction, will release the ING Security Assignment on closing of the Larouge Transaction. If the conditions precedent to closing of the Larouge Agreement are not fulfilled or waived (by the relevant party) by the Unconditional Date, being 31st March, 2003 initially, any party may withdraw from the Larouge Agreement without incurring any obligation or liability (but without prejudice to any obligations that have accrued or become due prior to such withdrawal or any liability for any breach of the Larouge Agreement prior to such withdrawal), or the parties may agree to fix a new Unconditional Date.

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## LETTER FROM THE COMPANY

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### **Exit and termination provisions**

In the event that the Average Reference Rate falls outside the Reference Rate Band on the business day immediately preceding the date of closing of the Larouge Agreement, the EA Group and Larouge may agree to an adjustment of the Consideration. If the EA Group and Larouge fail to agree on a re-negotiated Consideration within 30 days from the date of closing, any of them may terminate the Larouge Agreement by written notice to the other parties without liability to the parties' except in respect of any obligations which have accrued or become due prior to such termination or any liability for any breach of the Larouge Agreement prior to such termination.

Further, if MPC, Greenfield Development or Ayala Land withdraw from the MPC Agreement pursuant to the exit clauses therein (see "Exit clauses under the MPC Agreement" below), either of the EA Group may terminate the Larouge Agreement by written notice to the other parties.

### **Closing of the Larouge Transaction**

The Larouge Agreement provides for closing of the Larouge Transaction to take place two business days after Larouge and the EA Group have given notification that all the conditions have been fulfilled or waived. In view of the Unconditional Date, closing is currently anticipated to occur by no later than 2nd April, 2003.

### **Balance of sums owing in respect of the Larouge Loan**

Larouge and MPC have entered into the Larouge Loan Supplemental Deed and the Larouge Pledge Supplemental Agreement which provide that, amongst other things, the following will take effect upon and subject to the closing of the Larouge Transaction:–

1. all payments other than of principal payable to Larouge under or in respect of the Larouge Loan accrued up to the closing date of the Larouge Transaction will be excluded from the assignment of the Larouge Loan to the EA Group under the Larouge Agreement and will cease to be secured by the Larouge Pledge;
2. of these payments, an amount equal to Pesos 700 million (US\$13.0 million; HK\$101.0 million), representing Larouge's cost of funds in respect of the Larouge Loan accruing up to 31st March, 2003 will continue to constitute an unsecured debt repayable on demand owed by MPC to Larouge. This amount is subject to adjustments, to reflect Larouge's actual cost of funds to the closing date of the Larouge Transaction, if it is materially different from the amount referred to above. No further interest will accrue on this amount; and

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## LETTER FROM THE COMPANY

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3. subject to the foregoing, the balance of all amounts other than principal payable under or in respect of the Larouge Loan (such balance estimated to be an amount of US\$20.1 million (HK\$156.8 million)) will be waived with effect from the closing date of the Larouge Transaction.

Pursuant to the resolution of the shareholders of the Company passed on 11th April, 2001, the Directors have been authorised, inter alia, to make and agree such amendments or variations to the Larouge Loan and the Larouge Pledge as the Directors in their discretion consider to be desirable and in the interests of the Company. The Directors are of the view that the above arrangements in respect of payments other than of principal payable to Larouge under or in respect of the Larouge Loan are fair and reasonable for the Company and its Shareholders under the circumstances.

### **The MPC Transaction**

The parties to the MPC Agreement dated 23rd November, 2002, as amended by an amendment agreement dated 8th February, 2003, are:–

- (i) MPC
- (ii) Evergreen Holdings (as assignee of Greenfield Development)
- (iii) Ayala Land

Since the announcement of First Pacific dated 25th November, 2002, the MPC Agreement has been amended, pursuant to an amendment agreement dated 8th February, 2003, to reflect the changes to the MPC Transaction arising out of the Larouge Agreement and developments and changes in circumstances since the date of the original MPC Agreement.

The MPC Agreement provides (both in the form originally executed and as amended on 8th February, 2003) for a proposed restructuring of certain of MPC's indebtedness, including the sale and assignment of the Larouge Loan and the Larouge Pledge (as provided for under the Larouge Agreement) and:–

1. the transfer by MPC of 50.4 per cent of the outstanding common stock of BLC, which is subject to the Larouge Pledge, and of the BLC Note and the BLC Note Security to the EA Group, as payment in kind for the Larouge Loan; and
2. the sale and assignment of the Balance BLC Note and the Balance BLC Note Security by MPC in favour of the EA Group for an aggregate consideration of Pesos 66.0 million (US\$1.2 million; HK\$9.5 million) paid by the EA Group, upon the execution of the MPC Agreement on 23rd November, 2002.



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## LETTER FROM THE COMPANY

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The MPC Transaction also requires MPC to ensure that BLC or FBDC or their respective subsidiaries will not:–

1. enter into any agreement relating to any lot or building within Bonifacio Global City or any of their assets (and that FBDC will not enter into any agreement relating to the completion of the Bonifacio Ridge project without the prior written approval of the EA Group);
2. incur any additional borrowings without the prior written approval of the EA Group; or
3. negotiate or enter into any definitive agreement relating to exclusivity in favour of Philippine Long Distance Telephone Company in respect of providing telecommunications services to the Bonifacio Global City.

As security for certain obligations of MPC under the MPC Agreement, MPC has executed the Pre-Closing Pledge Agreement over the BLC Note (together with the BLC Note Security) and five per cent of MPC's unencumbered shares in BLC. The Pre-Closing Pledge Agreement will be amended at closing of the MPC Transaction to release the pledge lien constituted on the BLC Note and the underlying BLC Note Security and to limit the principal obligation secured thereunder to certain indemnities given by MPC under the MPC Agreement. Save for the foregoing security, such five per cent of MPC's unencumbered shares in BLC will be retained within the First Pacific Group following closing of the Larouge Transaction.

As security for the penalty and reimbursable costs obligations of the EA Group under the MPC Agreement, Greenfield Development and Ayala Land have executed the Security Assignment in favour of MPC.

### **Conditions precedent to the MPC Transaction**

#### *Conditions to execution of definitive implementing agreements*

The MPC Transaction is subject to the execution of definitive implementing agreements, which, in turn, are subject to the satisfaction or waiver (by the relevant party) of an extensive list of conditions precedent, including:–

1. conclusion of the financial and legal due diligence audits conducted by the EA Group;
2. BLC carrying out a debt restructuring program within certain specified parameters, including in relation to BLC's remaining interest-bearing debt and other liabilities due to the Philippine National Bank, the holders of BLC's long-term commercial papers, the EA Group and MPC (including the MPC Note having been fully paid and/or settled, or arrangements having been entered into by BLC, FBDC, MPC

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## LETTER FROM THE COMPANY

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and/or BCDA for the full settlement of the MPC Note through the assignment to MPC of the Dacion Assets under terms and conditions acceptable to the EA Group and the release of the MPC Note Security);

3. FBDC maintaining a level of interest-bearing debt not exceeding Pesos 2,484.4 million (US\$46.0 million; HK\$358.5 million) (plus any drawdowns under a loan from the EA Group to FBDC in the principal amount of Pesos 800.0 million (US\$14.8 million; HK\$115.4 million) to fund the Bonifacio Ridge project); the parcels of land owned by FBDC in the Bonifacio Global City having a saleable area of not less than a specified amount; completion of a comprehensive settlement with the BCDA in respect of FBDC's obligations; settlement of FBDC's obligations to MPC; none of the FBDC-owned properties in the Bonifacio Global City being encumbered with any accommodation mortgages (save for certain exceptions); the FBDC-owned properties which remain subject to mortgage security for any debts not exceeding a specified area; and settlement of obligations of FBDC under certain agreements under specified terms and conditions;
4. the obtaining of all necessary authorisations, approvals and consents for the assignment of the Larouge Loan and the Larouge Pledge to the EA Group (except the approval of First Pacific's shareholders);
5. the obtaining of consents, approvals and waivers from MPC, Larouge, First Pacific related parties and BLC's and FBDC's respective subsidiaries and all other third parties in connection with the change in control or ownership of BLC and FBDC as a result of the MPC Transaction, and the termination of agreements entered into with such parties which grant them exclusive rights or impose upon BLC or FBDC financially disadvantageous obligations;
6. there being no legal impediment which will prevent the execution of the definitive implementing agreements or the transfer of the Larouge Loan, the Larouge Pledge and MPC's 50.4 per cent interest in BLC to the EA Group, there being no petition for suspension of payments by MPC or the EA Group, or insolvency of MPC or the EA Group, and no writ of attachment issued on assets of MPC;
7. all representations and warranties of MPC and the EA Group under the MPC Agreement and the definitive implementing agreements being true and accurate as of the date of the definitive implementing agreements, MPC submitting certain updated disclosures (which shall not be materially different from disclosures previously submitted or misleading) and all representations, warranties and disclosures of Larouge and First Pacific related parties which are parties to the Larouge Transaction documents being true and correct and no breach or default having occurred under the Larouge Transaction documents;

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## LETTER FROM THE COMPANY

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8. the board of directors of BLC having approved a resolution declaring that any officer, manager, director or controlling person of, or the owner or his immediate family owning shares of stock in, Evergreen Holdings, Ayala Land and the consortium to be formed by them (or any member thereof) does not qualify as a person who is hostile or antagonistic to BLC and is eligible for election to the board of directors of BLC;
9. MPC and the EA Group being in compliance with all terms and provisions set out in the MPC Agreement, on their part to be respectively observed or performed;
10. the obtaining of written approval from the BCDA for the foreclosure of the BLC Note Security and Balance BLC Note Security;
11. the obtaining of written approvals from relevant parties for the annotation of certain covenants, conditions and restrictions governing the use, occupancy, development and density of certain specified parcels of land registered in the name of FBDC on the transfer certificates of title covering such land and, where applicable, MPC having entered into a contract to sell units in the Pacific Plaza Towers with a specified market value;
12. the submission of certain documents related to the Transactions to an escrow agent;
13. the obtaining of approvals for the transfer of the 50.4 per cent interest in BLC to the EA Group and the waiver of their respective rights of first refusal; and
14. the EA Group having funded BLC and FBDC for the purpose of covering the expenses in connection with BLC's debt restructuring and retrenchment of executive and operating officers of FBDC, BLC and their respective subsidiaries and affiliates.

The failure or refusal by MPC to fulfil or cause the fulfilment of certain conditions precedent to the satisfaction of the EA Group or the failure of MPC or Larouge to execute the definitive implementing agreements to which they are to be parties by 26th March, 2003 shall, with certain exceptions (e.g. where there is a court injunction or where the non-fulfilment is beyond the control of MPC or Larouge), render MPC (but neither Larouge nor First Pacific) liable to the EA Group for a penalty in the amount of Pesos 100.0 million (US\$1.9 million; HK\$14.4 million) and for certain costs incurred by the EA Group in connection with the MPC Transaction. Such obligation of MPC is secured by the Pre-Closing Pledge Agreement.

The failure or refusal by the EA Group to fulfil certain conditions precedent to the satisfaction of MPC or to execute the definitive implementing agreements by 26th March, 2003 or confirm availability of the Consideration shall, with certain exceptions (e.g. where there is a court injunction or where the EA Group exercises its right to withdraw from the

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## LETTER FROM THE COMPANY

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MPC Agreement (see “Exit clauses under the MPC Agreement” below)), render the EA Group liable to MPC for a penalty in the amount of Pesos 100.0 million (US\$1.9 million; HK\$14.4 million) and for certain costs incurred by MPC in connection with the MPC Transaction. Such obligation of the EA Group is secured by the Security Assignment.

### *Conditions to closing of the MPC Transaction*

The MPC Agreement further provides for closing of the MPC Transaction to be subject to the fulfilment or waiver (by the relevant party) of additional conditions, including:–

1. MPC providing certain representations, warranties and covenants in the definitive implementing agreements regarding the 50.4 per cent interest in BLC to be transferred and BLC’s ownership of 55 per cent of the outstanding capital of FBDC and the assets owned by, and the liabilities of, BLC and FBDC and their respective subsidiaries and affiliates, and BLC issuing a notice to its shareholders advising them of their right of first refusal, under BLC’s By-laws, to purchase a portion of MPC’s 50.4 per cent interest in BLC;
2. Laroue providing certain representations, warranties and covenants in the Laroue Transaction documents regarding the Laroue Loan and the Laroue Pledge and their assignment to the EA Group;
3. there being no legal impediment which will prevent the assignment of the Laroue Loan, the Laroue Pledge and MPC’s 50.4 per cent interest in BLC to the EA Group, there being no petition for suspension of payments by MPC or the EA Group, or insolvency of MPC or the EA Group, and no writ of attachment issued on assets of MPC;
4. the definitive implementing agreements having been executed on or before 26th March, 2003 and deposited in escrow;
5. effective upon closing, all eight directors of BLC nominated by MPC and all eight nominee directors of BLC in FBDC resigning, and all executive and operating officers of BLC and FBDC and all executive and operating officers of BLC’s or FBDC’s respective subsidiaries and affiliates who were nominated by FBDC or BLC resigning, subject to the option of the EA Group to retain any of such officers;
6. MPC, Laroue, ING Bank and First Pacific related parties which are parties to the Laroue Transaction documents being in compliance with all terms and provisions set out in the MPC Agreement, the definitive implementing agreements and the Laroue Transaction documents, on their part to be respectively observed or performed;

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## LETTER FROM THE COMPANY

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7. the representations and warranties of MPC, Larouge, ING Bank, First Pacific related parties and the EA Group under the Transactions documents to which they are parties being true and correct as of the date of closing of the MPC Transaction;
8. MPC having submitted certain updated disclosures (which shall not be materially different from disclosures previously submitted or misleading);
9. the FBDC shares owned by BLC constituting 55 per cent of the outstanding capital stock of FBDC and there being no default under BLC's Philippine National Bank loan and pledge agreements (and there being no foreclosure of such pledge);
10. the Larouge Pledge not having been foreclosed;
11. MPC having caused the transfer of two condominium units in the Pacific Plaza Towers in settlement of an existing obligation;
12. all the conditions precedent under the Larouge Agreement having been fulfilled or waived (by the relevant party);
13. all conditions precedent in the definitive implementing agreements to be fulfilled to the satisfaction of the EA Group having been fulfilled, or waived by the EA Group; and
14. the EA Group being in compliance with all terms and provisions set out in the MPC Agreement, the definitive implementing agreements and the Larouge Transaction documents, on its part to be observed or performed.

### **Exit clauses under the MPC Agreement**

The parties to the MPC Agreement have the right to withdraw from the MPC Agreement or the definitive implementing agreements upon the occurrence of any of the following events:–

- (i) in the event that the Average Reference Rate falls outside the Reference Rate Band on the business day before the closing date under the Larouge Agreement, MPC, Larouge and the EA Group may discuss an adjustment of the Consideration within a 30-day period from such closing date, failing which any party may withdraw from the MPC Agreement without any obligation to pay the specified penalties or otherwise incurring any other liability; and
- (ii) in the case that (a) the definitive implementing agreements are not signed by 26th March, 2003 or closing under the MPC Agreement is not effected by 31st March, 2003 or the Larouge Agreement is terminated, due to the non-fulfilment of the conditions required to be fulfilled to the satisfaction of the EA Group or a breach by MPC, Larouge or other First Pacific related parties under the definitive

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## LETTER FROM THE COMPANY

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implementing agreements or in the Larouge Agreement; or (b) an event of default occurs under the ING Facility Agreement, then the EA Group will have the right to terminate the relevant agreement without any obligation to pay any penalties or incur any other liability save to the extent provided for under the MPC Agreement.

### **Closing of the MPC Transaction**

The MPC Agreement provides for closing of the MPC Transaction to take place, at the option of the EA Group, either (a) following the expiry of the 30-day period provided in the Bye-Laws of BLC for the exercise by the stockholders of BLC of their right of first refusal, or (b) to commence closing prior to the expiry of such period and to complete closing after the lapse of such period.

The failure or refusal by MPC to fulfil or cause the fulfilment of certain conditions precedent (which are different from the conditions precedent referred to under the section headed “Conditions to execution of definitive implementing agreements” above) to the satisfaction of the EA Group or the failure or refusal by MPC or Larouge to effect closing in accordance with the provisions of the MPC Agreement shall, with certain exceptions, render MPC (but neither Larouge nor First Pacific) liable to the EA Group for a penalty in the amount of Pesos 327.5 million (US\$6.1 million; HK\$47.3 million) and for certain costs incurred by the EA Group in connection with the MPC Transaction. Such obligation of MPC is secured by the Pre-Closing Pledge Agreement.

The failure or refusal by the EA Group to fulfil or cause the fulfilment of certain conditions precedent (which are different from the conditions precedent referred to under the section headed “Conditions to execution of definitive implementing agreements” above) to the satisfaction of MPC or the failure by the EA Group to effect closing in accordance with the provisions of the MPC Agreement shall, with certain exceptions, render the EA Group liable to MPC for a penalty in the amount of Pesos 327.5 million (US\$6.1 million; HK\$47.3 million) and for certain costs incurred by MPC in connection with the MPC Transaction. Such obligation of the EA Group is secured by the Security Assignment.

### **Property Valuation of FBDC and Consideration**

The Company has appointed CB Richard Ellis, a property valuer, to undertake an independent valuation of the property assets that will remain in the ownership of FBDC pursuant to the completion of the Transactions (the “**Property**”). Based on the valuation of CB Richard Ellis, the capital value of the Property, as at 26th February, 2003 was estimated to be Pesos 19.0 billion (US\$351.5 million; HK\$2,741.9 million). A letter and certificate from CB Richard Ellis are included as Appendix II of this circular.

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## LETTER FROM THE COMPANY

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On the basis of the aforesaid property valuation, the value of the Property attributable to MPC's 50.4 per cent interest in BLC is Pesos 5,871.0 million (US\$108.6 million, HK\$847.2 million). After deducting the net debt of BLC and FBDC that is attributable to such interest, amounting to Pesos 1,886.3 million (US\$34.9 million; HK\$272.2 million), the attributable proforma net asset value of MPC's 50.4 per cent interest in BLC is Pesos 3,984.7 million (US\$73.7 million; HK\$575.0 million). The aggregate of the proforma net asset value of MPC's 50.4 per cent interest in BLC and the Pesos 655.0 million (US\$12.1 million; HK\$94.5 million) face value of the BLC Note, both of which are to be transferred to the EA Group upon closing of the Transactions, is Pesos 4,639.7 million (US\$85.8 million; HK\$669.5 million) or approximately 96.2 per cent of the Consideration.

### **RATIONALE FOR THE TRANSACTIONS AND USE OF PROCEEDS**

Since 31st October, 2001, when Larouge agreed to extend until 31st December, 2001 the Larouge Loan repayment date because MPC had advised that MPC would be unable to repay the Larouge Loan on its original due date, the Company, together with MPC, has explored opportunities to sell MPC's 72.9 per cent shareholding in BLC in order to repay the outstanding Larouge Loan and other debt. The Transactions being contemplated would allow the repayment of US\$90.0 million (HK\$702.0 million), representing the principal portion of the balance due under the Larouge Loan, and would correspondingly reduce MPC's liabilities. In addition, the introduction of the EA Group, including the premier real estate developer in the Philippines, into Fort Bonifacio as controlling investors is expected to enhance the prospects of, should advance the expansion of, and provide an improved outlook for, the Bonifacio Global City development.

In the event that the Transactions proceed, the Consideration received, net of expenses incurred by First Pacific in connection with the Transactions, would be applied towards repaying First Pacific's outstanding debt, which stands at US\$187.4 million (HK\$1,461.7 million) as at the Latest Practicable Date, thereby enhancing First Pacific's financial position.

### **TERMS OF THE TRANSACTIONS**

The terms of the Transactions were arrived at after arms-length negotiations between the respective parties thereto. The Board believes the terms of the Transactions to be fair and reasonable and in the interests of all shareholders of First Pacific.

### **FINANCIAL EFFECTS OF THE TRANSACTIONS ON THE FIRST PACIFIC GROUP**

If the Transactions proceed, no material gain or loss will be recorded by the First Pacific Group. The Transactions would result in MPC's direct interest in BLC declining to 22.5 per cent from 72.9 per cent, and First Pacific's attributable interest declining to 18.1 per cent from 58.8 per cent. Accordingly, both MPC and First Pacific would cease to consolidate BLC and, going forward, the investment would be equity accounted for as an associated company.

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## LETTER FROM THE COMPANY

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During the year ended 31st December, 2001, First Pacific recognised impairment provisions totalling US\$648.8 million (HK\$5,060.6 million) against its US\$747.0 million (HK\$5,826.6 million) investment in MPC, thereby reducing the adjusted book value of MPC to the value of the outstanding Larouge Loan which, at 31st December, 2001, was US\$98.2 million (HK\$766.0 million), being the principal amount of US\$90.0 million (HK\$702.0 million) and unpaid interest of US\$8.2 million (HK\$64.0 million) up to 31st December, 2001.

### INFORMATION IN RELATION TO BLC

The First Pacific Group (through its Philippine affiliates) currently has an aggregate attributable direct and indirect economic interest of 80.6 per cent in MPC. MPC holds a controlling shareholding of 72.9 per cent in BLC. Accordingly, the First Pacific Group currently has an attributable direct and indirect economic interest in BLC of 58.8 per cent. BLC, in turn, holds a 55.0 per cent interest in FBDC, which is a joint venture project with the Philippine Government that commenced, in 1995, the re-development of a 157-hectare portion of a new Metro Manila central business district (namely the “Bonifacio Global City”), that previously was a Philippine military base.

First Pacific’s average attributable direct and indirect shareholding in BLC was 53.4 per cent in 2000 and 54.8 per cent in 2001. BLC’s net profits, before and after tax, for the years 2000 and 2001, and BLC’s shareholders’ equity as at 31st December, 2000 and 2001, are detailed below.

	<i>Pesos</i>	<i>US\$</i>	<i>HK\$</i>
<b>For the year ended 31st December, 2000</b>	<i>millions</i>	<i>millions</i>	<i>millions</i>
Net profit before tax and extraordinary items	2.4	0.1	0.4
Net profit after tax and extraordinary items	2.4	0.1	0.4

#### As at 31st December, 2000

Shareholders’ equity	26,873.3	537.9	4,195.6
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	<i>Pesos</i>	<i>US\$</i>	<i>HK\$</i>
<b>For the year ended 31st December, 2001</b>	<i>millions</i>	<i>millions</i>	<i>millions</i>
Net loss before tax and extraordinary items	(6,608.2)	(129.5)	(1,009.9)
Net loss after tax and extraordinary items	(6,608.2)	(129.5)	(1,009.9)

#### As at 31st December, 2001

Shareholders’ equity	21,144.8	409.8	3,196.3
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## LETTER FROM THE COMPANY

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### HONG KONG REGULATORY ISSUES

Based on the latest audited net tangible assets of the First Pacific Group, the Transactions constitute a major transaction for First Pacific under Chapter 14 of the Listing Rules.

Larouge is a wholly owned subsidiary of First Pacific and the First Pacific Group has an aggregate direct and indirect attributable economic interest of 80.6 per cent in MPC. The Larouge Transaction would constitute a variation of the terms of the Larouge Loan originally approved by the Company's independent shareholders at a special general meeting held on 11th April, 2001 (shareholders are referred to the Company's announcement dated 26th March, 2001 and circular dated 28th March, 2001 in relation to the Larouge Loan). Accordingly, the Larouge Transaction constitutes a connected transaction for First Pacific under Chapter 14 of the Listing Rules and is therefore subject to the approval of the Independent Shareholders.

The Independent Board Committee has been formed to consider the Larouge Transaction and to make a recommendation as to whether the terms of the Larouge Agreement are fair and reasonable so far as the Independent Shareholders are concerned. Rothschild has been retained as the independent financial adviser to advise the Independent Board Committee in this regard.

### SPECIAL GENERAL MEETING

A notice convening the Special General Meeting to be held at The Washington Room, The American Club, 47th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong SAR on Wednesday, 19th March, 2003 at 12:00 noon is set out on pages 56 to 57 of this circular. At the Special General Meeting, an ordinary resolution will be proposed to approve the Transactions.

First Pacific Investments (B.V.I.) Limited and First Pacific Investments Limited, which are shareholders of First Pacific holding, in aggregate, 44.52 per cent of the issued share capital of First Pacific, have undertaken to vote in favour of the ordinary resolution to be proposed at the Special General Meeting to approve the Transactions.

As at the Latest Practicable Date, Messrs. Manuel V. Pangilinan and Edward A. Tortorici were interested in an aggregate of 19,158,888 First Pacific Shares, representing 0.6 per cent of the issued share capital of First Pacific, and in an aggregate of 18,099,412 MPC Shares, representing less than 2 per cent of the issued share capital of MPC. Messrs. Manuel V. Pangilinan and Edward A. Tortorici are directors of both First Pacific and MPC. As at the Latest Practicable Date, Mr. Michael J. A. Healy was interested in 877,991 First Pacific Shares. Mr. Michael J. A. Healy is a director of First Pacific, Larouge, BLC and FBDC.

Messrs. Manuel V. Pangilinan, Michael J. A. Healy and Edward A. Tortorici and their respective associates (as defined in the Listing Rules) will abstain from voting in respect of the ordinary resolution to be proposed at the Special General Meeting to approve the Transactions.

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## LETTER FROM THE COMPANY

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A form of proxy for use at the Special General Meeting is enclosed. 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 (Attention: Corporate Secretarial Department) 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.

### RECOMMENDATIONS

The Board believes the terms of the Transactions to be fair and reasonable and in the interests of all shareholders of First Pacific and recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the Special General Meeting for approving the Transactions.

The Independent Board Committee was formed to consider whether or not the terms of the Larouge Transaction are fair and reasonable so far as the Independent Shareholders are concerned. The Independent Board Committee comprises Prof. Edward K.Y. Chen and Mr. David W.C. Tang who are the independent non-executive Directors.

The Independent Board Committee, which has been advised by Rothschild, advises the Independent Shareholders that it considers that the terms of the Larouge Transaction are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the Special General Meeting for approving the Larouge Transaction.

### ADDITIONAL INFORMATION

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

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



**FIRST PACIFIC COMPANY LIMITED**

*(Incorporated in Bermuda with limited liability)*

28th February, 2003

*To the Independent Shareholders*

Dear Sir/Madam,

**SALE AND ASSIGNMENT OF LAROUGE LOAN AND PLEDGED  
50.4 PER CENT SHAREHOLDING IN BONIFACIO LAND CORPORATION  
TO  
EVERGREEN HOLDINGS, INC. AND AYALA LAND, INC.**

We refer to the circular dated 28th February, 2003 (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 to advise you as to whether or not the terms of the Larouge Transaction are fair and reasonable so far as the Independent Shareholders are concerned.

We wish to draw your attention to the letter from the Company set out on pages 8 to 24 of the Circular and to the letter of advice from Rothschild set out on pages 26 to 34 of the Circular.

Having considered the terms and conditions of the Larouge Transaction, the advice of Rothschild and the other principal factors contained in the letter from the Company, we are of the opinion that the terms of the Larouge 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 Larouge Transaction as set out in the notice convening the Special General Meeting on pages 56 to 57 of the Circular.

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

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## LETTER FROM ROTHSCHILD

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28th February, 2003

*To the Independent Board Committee*

Dear Sirs,

### **CONNECTED TRANSACTION**

#### **Sale and assignment of Larouge Loan and pledged 50.4 per cent shareholding in Bonifacio Land Corporation to Evergreen Holdings, Inc. and Ayala Land, Inc.**

We refer to the Larouge Transaction, details of which are contained in the circular of the Company dated 28th February, 2003 (the “Circular”) of which this letter forms part. Rothschild has been retained as the independent financial adviser to advise the Independent Board Committee as to whether or not the terms of the Larouge Transaction are fair and reasonable 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. The exchange rates used in this letter shall be the same as those set out in Appendix III to the Circular.

As (a) certain common directors of the Company and MPC (namely Messrs. Manuel V. Pangilinan and Edward A. Tortorici) are also shareholders of the Company and MPC, and Mr. Michael J. A. Healy is a director of the Company, Larouge, BLC and FBDC and is also a shareholder of the Company; and (b) the completion of the Larouge Transaction would alter the terms of the Larouge Loan originally approved by the independent shareholders of the Company in April 2001, the Larouge Transaction constitutes a connected transaction for the Company under Chapter 14 of the Listing Rules. Accordingly, the Larouge Transaction is subject to the approval by the Independent Shareholders at the Special General Meeting.

In formulating our recommendation, we have relied on the information and facts supplied to us by the First Pacific Group 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, including the valuation of the Property conducted by CB Richard Ellis, the independent valuer (and information and representations made to CB Richard Ellis are true and accurate in all material respects), are fair and reasonable and have relied on them.

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(852) 2810-6997



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. 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 material 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, MPC, BLC, FBDC or any of their respective subsidiaries.

### **PRINCIPAL FACTORS AND REASONS FOR THE LAROUGE AGREEMENT**

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

#### **1. Background and rationale**

The Larouge Transaction was entered into between Larouge, the EA Group and Greenfield Development so as to enable the implementation of the MPC Agreement by MPC, further details of which are set out under the section headed “The Transactions” in the “Letter from the Company”.

The Larouge Loan was originally advanced by the Company, through Larouge, to MPC in April 2001, which is interest bearing at 15 per cent per annum and secured by the 50.4 per cent equity interest in BLC. Initially, it had a maturity on 31st October, 2001, which was subsequently extended to 31st December, 2001 as MPC was unable to repay the loan on its original due date. In this respect, MPC has been exploring opportunities to sell its 72.9 per cent equity interest in BLC in order to obtain sufficient funds to repay the Larouge Loan. In addition, the Company, as a result of Larouge being a secured creditor, has been, since October 2001, co-managing with MPC the proposed disposal of such controlling stake in BLC. Based on our discussions with the Board, we understand that the Company and MPC have been in discussions with various other interested parties, including the Gokongwei group where a memorandum of agreement covering the First Pacific Group’s interest in Philippine Long Distance Telephone Company and MPC’s interest in BLC was entered into on 4th June, 2002, which was subsequently terminated on 2nd October, 2002, and accordingly no disposal



materialised. The Board is of the view that the Larouge Transaction is the best available option at this time for the Company to recoup its entire principal amount of the Larouge Loan, having considered the significant efforts employed by both MPC and the Company over the past 16 months in trying to assist MPC in raising funds to repay the Larouge Loan (including the aforesaid proposed disposal of the controlling stake in BLC).

With respect to MPC, the Larouge Transaction would enable it to implement the MPC Agreement, which would involve the settlement of the Larouge Loan by way of payment in kind of the 50.4 per cent equity interest in BLC and the assignment of Pesos 655.0 million (or equivalent to approximately US\$12.1 million or approximately HK\$94.5 million) of the BLC Note, hence reducing the overall level of debts of the MPC group. Further details of the MPC Transaction are set out under the sub-section headed “The MPC Transaction” in the “Letter from the Company”. As also noted in the “Letter from the Company”, it is expected that the introduction of the EA Group as the new property development partner for the Bonifacio Global City project would enhance the prospects of, should advance the expansion of, and provide an improved outlook for, this property development project given Ayala Land’s leading position in the Philippine property sector.

For the Company, the Larouge Transaction would enable it to recover the entire principal amount of the Larouge Loan and the net proceeds thereof will be used to repay its own debts, the majority of which will fall due in December 2003. The balance of sums owing in respect of the Larouge Loan, being the payments other than the principal payable to Larouge in respect of the Larouge Loan, is estimated to be approximately Pesos 700 million (or equivalent to approximately US\$13.0 million or approximately HK\$101.0 million) up to the end of March 2003, the expected completion time of the Larouge Transaction. This balance will become an unsecured non-interest bearing debt due from MPC to Larouge (please refer to further discussions under the section headed “4. Balance of sums owing in respect of the Larouge Loan” below). As the Company is and will continue to be the 80.6 per cent controlling shareholder of MPC after completion of the Transactions, it is expected that the Company would benefit from the improvement in the financial position of MPC as a result of the successful completion of the Transactions.

Having considered the above factors, in particular that the Larouge Transaction represents the best available option for the Company at this time to recoup the entire principal amount of the Larouge Loan and the expected enhancement of the First Pacific Group’s overall financial position as a result of the Transactions, we consider the rationale for the entering into the Larouge Transaction to be fair and reasonable so far as the Independent Shareholders are concerned.



### 2. The Larouge Agreement

#### *i) Loan to be sold and security to be assigned*

Pursuant to the Larouge Agreement, Larouge has conditionally agreed to sell and assign, and the EA Group has conditionally agreed to purchase, the Larouge Loan (together with the pledged 50.4 per cent equity interest in BLC) for a cash consideration of US\$90.0 million (or equivalent to approximately HK\$702.0 million), subject to certain exchange rate adjustments (please refer to further discussions under the sub-section headed “2. ii) Consideration” below). Further details of the terms and conditions of the Larouge Transaction are set out under the sub-section headed “The Larouge Transaction” in the “Letter from the Company”.

BLC is a real estate investment holding company in the Philippines and its principal asset is a 55.0 per cent equity interest in FBDC, a joint venture with the Philippine Government. FBDC is the developer of the Bonifacio Global City project in Manila, the Philippines. Further details of BLC, including the relevant financial information, are set out under the section headed “Information in relation to BLC” in the “Letter from the Company”.

#### *ii) Consideration*

The total consideration (subject to certain exchange rate adjustments) for the principal amount of the Larouge Loan is US\$90.0 million (or equivalent to approximately HK\$702.0 million), which is equivalent to the face value of the Larouge Loan. It will be payable by the EA Group at the completion of the Larouge Transaction in US dollars which will be equivalent to the sum of (a) US\$45.0 million (or equivalent to approximately HK\$351.0 million); and (b) the Pesos equivalent of US\$45.0 million (or equivalent to approximately HK\$351.0 million), at an exchange rate of US\$1.00 to Pesos 53.00, to be converted into US dollars at the Average Reference Rate. Based on the exchange rate of Pesos 54.05 to US\$1.00 as at the Latest Practicable Date, the estimated total amount to be received by Larouge under the Larouge Transaction would be approximately US\$89.1 million (or equivalent to approximately HK\$695.2 million). Based on our discussions with the Board, we understand that the consideration, including the total consideration of US\$90.0 million (or equivalent to approximately HK\$702.0 million) and the settlement mechanism, was determined after arm’s length negotiations between the Company, MPC and the EA Group, which is not



connected with the Company or MPC or any of their subsidiaries or their respective directors, chief executives or substantial shareholders or any associates of any of them.

Given that MPC would transfer the secured 50.4 per cent equity interest in BLC, and in addition, MPC would assign an additional Pesos 655.0 million (or equivalent to approximately US\$12.1 million or approximately HK\$94.5 million) of BLC Note as payment in kind for settlement of the Larouge Loan with the EA Group under the MPC Agreement, the sale of the Larouge Loan at the total cash consideration of US\$90.0 million (or equivalent to approximately HK\$702.0 million) and the subsequent settlement of the Larouge Loan under the MPC Agreement would imply a net consideration of approximately US\$77.9 million (or equivalent to approximately HK\$607.6 million) for the 50.4 per cent equity interest in BLC.

In assessing the reasonableness of the consideration under the Larouge Transaction, we have compared the aforesaid implied net consideration of the 50.4 per cent equity interest in BLC to the proforma net asset value of BLC attributable to such equity interest, which has taken into consideration the independent valuation of the Property conducted by CB Richard Ellis, further details of which are set out in Appendix II to the Circular. As noted under the sub-section headed “Property valuation of FBDC and Consideration” in the “Letter from the Company”, the proforma net asset value attributable to the 50.4 per cent equity interest in BLC is approximately Pesos 3,984.7 million (or equivalent to approximately US\$73.7 million or approximately HK\$575.0 million). As such, the aforesaid implied net consideration of approximately US\$77.9 million (or equivalent to approximately HK\$607.6 million) for the 50.4 per cent equity interest in BLC represents a premium of approximately 5.7 per cent over the aforesaid proforma net asset value attributable to such equity interest.

Having considered the fact that the consideration was agreed after arm’s length negotiations with the EA Group, which is not connected with the First Pacific Group, and the implied net consideration of the 50.4 per cent equity interest in BLC represents a premium over the proforma net asset value attributable to such equity interest, we consider that the consideration under the Larouge Transaction to be fair and reasonable so far as the Independent Shareholders are concerned.





### **3. Conditions of the Larouge Agreement**

Completion of the Larouge Agreement is conditional upon the fulfilment of various conditions including the passing of the corresponding resolution to approve the Larouge Transaction by the Independent Shareholders at the Special General Meeting and completion of the MPC Transaction, further details of which are set out under the sub-section headed “Conditions precedent to the Larouge Transaction” in the “Letter from the Company”.

### **4. Balance of sums owing in respect of the Larouge Loan**

As noted under the sub-section headed “Balance of sums owing in respect of the Larouge Loan” in the “Letter from the Company”, the boards of directors of the Company and MPC have agreed to waive a certain portion of the amount other than the principal payable to Larouge under the Larouge Loan, which would effectively reduce the balance to the cost of the funds of the Company when it extended the Larouge Loan to MPC. Under this arrangement, the estimated balance of sums owing in respect of the Larouge Loan up to 31st March, 2003 would be reduced to approximately Pesos 700 million (or equivalent to approximately US\$13.0 million or approximately HK\$101.0 million), which would become an unsecured non-interest bearing debt owed by MPC to Larouge and would be repayable on demand by Larouge.

From our discussions with the Board, we understand that the Company has conducted a thorough review and assessment of the repayment ability of the MPC group in connection with the balance of sums owing in respect of the Larouge Loan. In addition, the Board has taken into consideration that MPC is and will remain an 80.6 per cent owned subsidiary of the Company, and any improvement in the financial position of MPC after the successful completion of the Transactions would benefit the Company in the longer term. Having considered the above factors and reasons, the arrangement was agreed between the Company and MPC on the basis that the acceptance of such arrangement would be in the best interest of the First Pacific Group as a whole. Furthermore, the boards of directors of MPC and the Company believe that the balance of sums owing in respect of the Larouge Loan could be repaid eventually should the Transactions be successfully completed and a gradual improvement in the financial position of the MPC group be achieved.



### 5. Financial effects to the First Pacific Group

As the implementation of the Transactions would have an effect of disposing the 50.4 per cent equity interest in BLC by MPC, MPC's direct interest in BLC would reduce to approximately 22.5 per cent from approximately 72.9 per cent, and the Company's attributable interest in BLC would reduce to approximately 18.1 per cent from approximately 58.8 per cent. Accordingly, BLC would cease to be a subsidiary of MPC and therefore would no longer be consolidated into the financials of the MPC group and the First Pacific Group. After completion of the Transactions, BLC would be equity accounted for as an associated company of MPC and the Company.

#### *i) Earnings*

From our discussions with the Board, it is expected that there would not be any immediate material impact on the earnings of the First Pacific Group as a result of the Transactions, save for the estimated one-time loss of approximately US\$3.9 million (or equivalent to approximately HK\$30.4 million) arising from the waiver of a portion of the amount other than the principal payable to Larouge under the Larouge Transaction as discussed under the section headed "4. Balance of sums owing in respect of the Larouge Loan" above, the estimated interest saving of approximately US\$4.5 million (or equivalent to approximately HK\$35.1 million) per annum after completion of the Larouge Transaction and the utilisation of the net proceeds received by the Company to repay its own debts, and the reduction of the First Pacific Group's share of net loss of BLC. For illustrative purposes only, the First Pacific Group's share of net loss of BLC, on a proforma basis, would reduce from approximately Pesos 3,885.6 million (or equivalent to approximately US\$76.1 million or approximately HK\$593.8 million) to approximately Pesos 1,196.1 million (or equivalent to approximately US\$23.4 million or approximately HK\$182.8 million) for the year ended 31st December, 2001. In addition, the Board is of the view that the First Pacific Group could benefit in the longer term from the improvement of the MPC group's financial position and prospects upon the completion of the Transactions.

#### *ii) Shareholders' deficit*

Based on our discussions with the Board, we understand that there would be no material change to the shareholders' deficit of the First Pacific Group upon completion of the Transactions.



*iii) Net indebtedness*

The net indebtedness (defined as bank debts less cash and bank deposits) of the First Pacific Group was approximately US\$972.3 million (or equivalent to approximately HK\$7,583.9 million) as at 30th June, 2002, which would be reduced to approximately US\$786.7 million (or equivalent to approximately HK\$6,136.3 million), on a proforma basis, upon completion of the Transactions. This deduction would mainly be represented by the use of the net proceeds to be received by the Company under the Larouge Transaction to repay its own debts and the reduction in the First Pacific Group's overall debt level upon deconsolidation of BLC and FBDC after completion of the Transactions.

Having considered the above estimated financial effects, in particular the expected reduction in the net indebtedness of the First Pacific Group and the enhancement to its earnings, we consider the Larouge Transaction to be fair and reasonable so far as the Independent Shareholders are concerned.

### SUMMARY

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

- (a) MPC has been unable to settle the Larouge Loan since its original due date on 31st October, 2001 and the Larouge Transaction is the best available option at this time for the Company to recoup its entire principal amount of the Larouge Loan;
- (b) the consideration under the Larouge Transaction was determined after arm's length negotiations with the EA Group, which is not connected with the First Pacific Group;
- (c) the implied net consideration of the 50.4 per cent equity interest in BLC under the Larouge Transaction represents a premium over the proforma net asset value attributable to such equity interest, which has taken into account the independent valuation of the Property;
- (d) the expected reduction of net indebtedness and enhancement to the earnings of the First Pacific Group upon completion of the Transactions; and

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## LETTER FROM ROTHSCHILD

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- (e) the expected benefit to the Company, being a controlling shareholder of MPC, as a result of the improvement in the financial position and prospects of MPC upon the completion of the Transactions.

### RECOMMENDATION

Having considered the above principal factors and reasons and the terms of the Larouge Agreement, we consider the terms of the Larouge Transaction to be fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution to approve the Larouge Transaction as detailed in the “Notice of Special General Meeting” which is set out on pages 56 to 57 of the Circular.

Yours very truly,

For and on behalf of

**N M Rothschild & Sons (Hong Kong) Limited**

**Kelvin Chau**

*Director*

**INDEBTEDNESS**

As at 31st December, 2002, the First Pacific Group had outstanding:–

- secured bank and other loans of US\$404.3 million (HK\$3,153.5 million) and unsecured bank and other loans of US\$888.4 million (HK\$6,929.5 million);
- secured loan capital of US\$1.8 million (HK\$14.0 million) and unsecured loan capital of US\$18.4 million (HK\$143.5 million); and
- guarantees of US\$92.6 million (HK\$722.3 million) in respect of credit facilities of an associated company.

The total indebtedness above does not include outstanding indebtedness of the Group's associated companies. Foreign currency amounts have been translated at the approximate exchange rates prevailing at the close of business on 31st December, 2002.

Save as aforesaid and apart from intra group liabilities, no company in the First Pacific Group had outstanding at the close of business on 31st December, 2002, any mortgages, charges, debentures or other loan capital or bank overdrafts, loans or other similar indebtedness or hire purchase commitments, guarantees or other material contingent liabilities or capital commitments except for those incurred in the ordinary course of its business.

**FINANCIAL AND TRADING PROSPECTS**

The Company actively manages its indebtedness which currently stands at approximately US\$187.4 million (HK\$1,461.7 million). As part of this strategy and, as discussed in the Letter from the Company, the Company has since 31st October, 2001, together with MPC, been exploring opportunities to sell MPC's 72.9 per cent controlling interest in BLC in order to enable MPC to repay the outstanding Larouge Loan. The Consideration received by the Company from the Larouge Transaction will reduce the overall indebtedness of the First Pacific Group. As such the Larouge Transaction supports the Company's and First Pacific Group's ongoing debt reduction programme, contributing to improved financial and trading prospects.

**MATERIAL CHANGES**

The Directors are not aware of any material adverse change in the financial or trading position of the First Pacific Group since 31st December, 2001 (being the date to which the latest audited financial statements of the First Pacific Group were drawn up).



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地產代理（公司）牌照號碼  
Estate Agent's Licence (Co.) No. C-004065

26th February, 2003

The Board of Directors  
First Pacific Company Ltd.  
24/F, Two Exchange Square  
8 Connaught Place  
Central, Hong Kong

Dear Sirs,

**Re: Land and improvements at Fort Bonifacio Global City, Taguig, Metro Manila, Philippines (the “property”)**

We refer to your recent instruction for us to carry out a valuation of the property interest of the captioned property held by Fort Bonifacio Development Corporation (“FBDC”) and covered by the corporate deal with Evergreen Holdings, Inc. and Ayala Land, Inc. (“EA Group”) in the Philippines. We confirm that we have carried out an inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital value of the property interest as at 26th February, 2003 (the “date of valuation”).

We have valued the property interest on the basis of Open Market Value which we would define as intended to mean “the best price at which the sale of an interest in the property would have been completed unconditionally for cash consideration on the date of valuation, assuming:

- (a) a willing seller;
- (b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of the price and terms and for the completion of the sale;

- (c) that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;
- (d) that no account is taken of any additional bid by a prospective purchaser with a special interest; and
- (e) that both parties to the transaction had acted knowledgeably, prudently and without compulsion.”

As agreed, the scope of our work included the valuation of various lots (Land and improvements) at Fort Bonifacio Global City, Taguig, Metro Manila, Philippines (the “property”). We have valued the various lots as a single property interest subject to existing tenancies.

Our valuation has been made on the assumption that the owner sells the property on the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to increase the value of the property.

We have valued the property by making reference to comparable sales evidence as available in the market. We have relied to a considerable extent on information given by FBDC and have accepted advice given to us on matters such as interests attributable to FBDC, tenures, planning approvals, statutory notices, site and floor areas and development costs. Dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us and are therefore only approximations.

Whilst we have taken every reasonable care both during inspecting the information provided to us and in making relevant enquiries, we have not scrutinised the original documents, if any, which may not appear on the copies handed to us. We have no reason to doubt the truth and accuracy of the information provided to us by FBDC, which is material to valuation. We were also advised by FBDC that no material facts have been omitted from the information provided to us.

We have been provided with copies of extracts of title documents relating to the property interest and a legal opinion (“the Philippine Legal Opinion”) provided by qualified lawyers in the Philippines – Picazo Buyco Tan Fider & Santos.

We have inspected the property to such extent as for the purpose of this valuation. In the course of our inspection, we did not notice any serious defects. For the buildings concerned, however, we have not carried out any structural survey nor were any tests made on the building services. Therefore, we were not able to report whether the property is free of rot, infestation or any other structural defects.

We have not carried out on-site measurement to verify the correctness of the site area of the property nor on-site investigations to determine the suitability of the soil conditions and the services etc. for development. Our valuation has been prepared on the assumption that these aspects are satisfactory and does not make any allowance for contamination or pollution of the land, if any, which may have occurred as a result of past usage.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property interests nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoing of an onerous nature which could affect their values.

Neither the whole nor any part of this letter and valuation certificate nor any reference to them may be included in any published document, circular or statement nor published in any way without our prior written approval to the form and context in which they may appear.

Unless otherwise stated, all monetary amounts are stated in Philippines Pesos (PHP). Where necessary, we have converted Hong Kong Dollars (HK\$) into Philippines Pesos (PHP) at the exchange rate of US\$1 = Pesos 54.05 = HK\$7.8, being the rate prevailing at the date of valuation.

We enclose herewith our certificate and valuation.

Yours faithfully,  
For and on behalf of

**CB Richard Ellis Philippines, Inc.**  
**Gregory B. Billedo**  
*Senior Appraiser*  
*License No: NCR 00356 – 02REA*

**CB Richard Ellis Ltd**  
**Kam-hung Yu** *BSc (Hons), FRICS, FHKIS, RPS (GP)*  
*Executive Director*  
**Valuation & Advisory Services, Greater China**



VALUATION CERTIFICATE

			Capital Value as at 26th February, 2003																		
Property	Description and tenure	Details of occupancy																			
Land and improvements at Fort Bonifacio Global City, Taguig, Metro Manila, Philippines  (Notes 1.)	<p>The property comprises 117 saleable lots including 31 lots located within Big Delta, 40 lots inside Expanded Big Delta, 44 lots within Outside Big Delta and 2 lots within I-Village. The land uses of the lots are restricted for Residential or Mixed Uses.</p> <p>A 4-storey office and one 1-storey and two 2-storey retail centers have been erected on three of the lots. The total floor area of the completed structures is 25,128.57 square meters approximately.</p> <p>Construction work of a residential development is undergoing at another lot. The proposed gross floor area is about 36,728.36 square meters providing 288 residential and 7 commercial units and 383 carparking spaces. 131 residential units and 159 carparking spaces have been pre-sold.</p> <p>The total site area of the property is 537,076.18 square meters approximately, with the following breakdown:</p> <table><tr><th colspan="2">square meters</th></tr><tr><td>Lots with infrastructures</td><td>214,862.18</td></tr><tr><td>Raw lands</td><td>269,770.00</td></tr><tr><td colspan="2"><hr/></td></tr><tr><td>Total vacant lands</td><td>484,632.18</td></tr><tr><td>4 lots with buildings</td><td>52,444.00</td></tr><tr><td colspan="2"><hr/></td></tr><tr><td>Grand Total</td><td>537,076.18</td></tr><tr><td colspan="2"><hr/><hr/></td></tr></table>	square meters		Lots with infrastructures	214,862.18	Raw lands	269,770.00	<hr/>		Total vacant lands	484,632.18	4 lots with buildings	52,444.00	<hr/>		Grand Total	537,076.18	<hr/> <hr/>		<p>Portion of the property with a total area of 96,826.70 square meters approximately is subject to various land leases at nominal rents. Most of these lease terms are over 10 years.</p> <p>Some units in the completed buildings are subject to various tenancies at a total monthly rent of about PHP5,419,004 with the latest expiry date on 31st August, 2016.</p> <p>The remaining lots are vacant.</p>	<p><b>Pesos19,000,000,000</b> (US\$351.5 million; HK\$2,741.9 million)</p>
square meters																					
Lots with infrastructures	214,862.18																				
Raw lands	269,770.00																				
<hr/>																					
Total vacant lands	484,632.18																				
4 lots with buildings	52,444.00																				
<hr/>																					
Grand Total	537,076.18																				
<hr/> <hr/>																					
The land use term of the property is freehold.																					

*Notes:*

1. According to the Philippine Legal Opinion provided by Picazo Buyco Tan Fider & Santos, the brief particulars of the title of the property is listed in Schedule A.
2. A 4-storey office and one 1-storey and two 2-storey retail centers have been erected on three of the lots. All these structures are located on the lots where much intensive development is permitted. In the course of valuation, we have considered that the land values prevail.
3. As advised by the registered owner of the property, the outstanding balance for the pre-sold residential units and carparking spaces of the residential development known as Bonifacio Ridge Phase One is approximately Pesos 582.9 million (US\$10.8 million; HK\$84.1 million) and the estimated additional construction cost to complete the residential development is about PHP1,088.0 million (US\$20.1 million; HK\$157.0 million).
4. The significant points of the Philippines Legal Opinion provided by Picazo Buyco Tan Fider & Santos are summarized as follows:
  - Except for three (3) lots (items 21, 22 and 80 as set out in Schedule A), all of the lots covered by the 117 Transfer Certificates of Title (“TCTs”) as set out in Schedule A are owned with freehold title by Fort Bonifacio Development Corporation (“FBDC”). The three (3) lots not owned by FBDC are registered in the name of, and are owned with freehold title by, Capital Consortium, Inc. (“CCI”) which is understood to be a joint venture corporation 89.62%-owned by FBDC. Except as indicated in Schedule A, the property interests as set out in Schedule A (“Properties”) are free of any recorded liens, encumbrances or transfer restrictions.
  - All the lots set out in Schedule A are registered land and the title of each of the said lots is freehold title.
  - Subject to the discharge of the mortgages and the security documents ancillary thereto as set out in Schedule A or the consent of the relevant mortgagee, FBDC and CCI are entitled to sell, transfer and mortgage their respective lots as set out in Schedule A notwithstanding the existence of the remaining encumbrances disclosed in the eighth column of Schedule A and their title to their respective lots as set out in Schedule A is good and marketable.
  - The equity share of BLC and BCDA in FBDC are 55% and 45%, respectively, and the equity share of FBDC and the Social Security System in CCI are 89.62% and 10.38% respectively.

Schedule A

	REGISTERED OWNER	TCT NO.	LOT NO.	BLK NO.	SUBDIVISION PLAN NO.	LAND AREA (SQ.M.)	ENCUMBRANCES / ANNOTATIONS
1	FBDC	29473	5	1	Pcs-00-007928	5,747.00	<p>Entry No. 1223/T-No. 27125 RESTRICTIONS:</p> <p>1) This property is subject to the Declaration of Covenants, Conditions and Restrictions (“Declaration”) made by the Fort Bonifacio Development Corporation dated 14th October, 1996, and any amendments thereto.</p> <p>2) This property is subject to the Design Standards and Guidelines (“DSG”) dated 14th October, 1996 made by the Fort Bonifacio Development Corporation and any changes and amendments thereto (Doc. No. 186, page no. 39, Book no. III, s. of 1996 of Not. Pub. For Makati City, Axel B. Aguirre, dtd. 29th October, 1996).</p> <p>Date of inscription – 29th October, 1996 at 3:20 p.m.</p> <p>Entry No. 10007/T-No. 27255</p> <p>Notice of Lis Pendens by virtue of a Notice of Lis Pendens presented and filed by Atty. Rogelio Marasigan, counsel for petitioner, Makati City, Notice is hereby given that an action has been commenced and is now pending in the Court of Appeals docketed under Court of Appeals GR SP No. 54692 in reference to Civil Case No. 96-554 (RTC, Br. 141, Makati City) and Civil Case No. 63096 (RTC, Br. 153, Pasig City entitled “Makati City, petitioner, versus Municipality of Taguig, respondent, and Municipality of Taguig, plaintiff, versus Municipality of Makati, defendant, respectively, involving the property herein described.</p> <p>Date of Instrument – 18th January, 2001</p> <p>Date of Inscription – 19th January, 2001 at 1:30 p.m.</p>
2	FBDC	29474	6	1	Pcs-00-007928	3,371.00	Entry No. 1223/T-No. 27125
3	FBDC	31800	9B	1	Psd-00-046483	182.00	Entry No. 1223/T-No. 27125
4	FBDC	31802	RL11-B		Psd-00-046482	73.00	Entry No. 1223/T-No. 27125
5	FBDC	32534	9D	1	Psd-00-046485	274.00	Entry No. 1223/T-No. 27125
6	FBDC	35849	3		Psd-00-055155	1,946.00	Entry No. 2681/T-No. 31262
7	FBDC	36763	9		Pcs-00-009465	2,640.00	<p>Entry No. 2681/T-No. 31262 – DECLARATION OF COVENANTS, CONDITIONS &amp; RESTRICTIONS:</p> <p>1) This property is subject to the Declaration of Covenants, Conditions and Restrictions (“Declaration”) made by the Fort Bonifacio Development Corporation and any changes or amendments thereto.</p> <p>2) This property is subject to the Design Standards and Guidelines (“DSG”) dated 12th September, 2001, made by the Fort Bonifacio Development Corporation and any changes or amendment thereto.</p> <p>Date of instrument – 19th July, 2002</p> <p>Date of inscription – 26th July, 2002 at 2:24 p.m.</p>

	REGISTERED OWNER	TCT NO.	LOT NO.	BLK NO.	SUBDIVISION PLAN NO.	LAND AREA (SQ.M.)	ENCUMBRANCES / ANNOTATIONS
8	FBDC	37540	2		Pcs-00-009581	9,786.00	<p>Entry No. 5872/T-No. 31279 – MASTER DEED: The condominium project shall be known as the BONIFACIO RIDGE. The project shall have two (2) towers which shall be known as Tower A and Tower B and shall have a total of 288 condominium units and 8 support facility units xxx, Date of inscription – 22nd December, 1999 at 2:01 p.m.</p> <p>Entry No. 5872/T-No. 31279 – DECLARATION OF RESTRICTIONS: The component units and areas of the entire Project shall be held, conveyed, encumbered, used, occupied and improved subject to the conditions, limitations, restrictions and covenants which are set forth in related documents mentioned herein: xxx. Date of inscription – 22nd December, 1999 at 2:01 p.m.</p> <p>Entry No. 4674/T-No. 37539 – FIRST AMENDMENT TO THE MASTER DEED: The specified 307parking slots for the Bonifacio Ridge Condominium Project of the FBDC as inscribed under Entry No. 5872 shall now be increased to 383 parking slots. Date of inscription – 15th October, 2001 at 3:50 p.m.</p> <p>Entry No. 2681/T-No. 31262</p>
9	FBDC	37539	1		Pcs-00-009581	7,643.00	<p>Entry No. 5872/T-No. 31279 – MASTER DEED: The condominium project shall be known as the BONIFACIO RIDGE. The project shall have two (2) towers which shall be known as Tower A and Tower B and shall have a total of 288 condominium units and 8 support facility units xxx. Date of inscription – 22nd December, 1999 at 2:01 p.m.</p> <p>Entry No. 5872/T-No. 31279 – DECLARATION OF RESTRICTIONS: The component units and areas of the entire Project shall be held, conveyed, encumbered, used, occupied and improved subject to the conditions, limitations, restrictions and covenants which are set forth in related documents mentioned herein: xxx. Date of inscription – 22nd December, 1999 at 2:01 p.m.</p> <p>Entry No. 4674/T-No. 37539 – FIRST AMENDMENT TO THE MASTER DEED: The specified 307parking slots for the Bonifacio Ridge Condominium Project of the FBDC as inscribed under Entry No. 5872 shall now be increased to 383 parking slots. Date of inscription – 15th October, 2001 at 3:50 p.m.</p> <p>Entry No. 2681/T-No. 31262</p>

APPENDIX II

PROPERTY VALUATION

	REGISTERED OWNER	TCT NO.	LOT NO.	BLK NO.	SUBDIVISION PLAN NO.	LAND AREA (SQ.M.)	ENCUMBRANCES / ANNOTATIONS
10	FBDC	31275	1	13	Psd-00-046745	1,600.00	Entry No. 4357/T-No. 31275 – MORTGAGE: In favor of Sun Life Assurance Company of Canada for the sum of Two Hundred Million Pesos only (P200,000,000.000) in accordance with Doc. No. 138, Page 39, Book No. VI, Series of 1999 of Notary Public for Makati City, Cecille Monette Borja. Date of Instrument; 30th July, 1999 Date of Inscription: 4th August, 1999 at 10: 50 a.m.
11	FBDC	31276	2	13	Psd-00-046745	1,600.00	Entry No. 4357/T-No. 31275
12	FBDC	31277	3	13	Psd-00-046745	1,600.00	Entry No. 4357/T-No. 31275
13	FBDC	31278	4	13	Psd-00-046745	1,600.00	Entry No. 4357/T-No. 31275
14	FBDC	29478	10	1	Pcs-00-007928	5.00	Entry No. 1223/T-No. 27125 Entry No. 10007/T-No. 27255
15	FBDC	29481	2	2	Pcs-00-007928	2,203.00	Entry No. 1223/T-No. 27125 Entry No. 10007/T-No. 27255
16	FBDC	29482	3	2	Pcs-00-007928	2,203.00	Entry No. 1223/T-No. 27125 Entry No. 10007/T-No. 27255
17	FBDC	29486	7	2	Pcs-00-007928	2,385.00	Entry No. 1223/T-No. 27125 Entry No. 10007/T-No. 27255
18	FBDC	29487	8	2	Pcs-00-007928	2,558.00	Entry No. 1223/T-No. 27125 Entry No. 10007/T-No. 27255
19	FBDC	29505	1	10	Pcs-00-007928	5,139.00	Entry No. 1223/T-No. 27125
20	FBDC	34445	2		Pcs-00-008685	11,132.50	Entry No. 1223/T-No. 27125
21	Capital Consortium, Inc.	33478	1	5	Pcs-00-007928	3,676.00	Entry No. 1223/T-No. 27125
22	Capital Consortium, Inc.	33479	2	5	Pcs-00-007928	3,458.00	Entry No. 1223/T-No. 27125
23	FBDC	29485	6	2	Pcs-00-007928	3,661.00	Entry No. 1223/T-No. 27125 Entry No. 10007/T-No. 27255
24	FBDC	29484	5	2	Pcs-00-007928	3,661.00	Entry No. 1223/T-No. 27125 Entry No. 10007/T-No. 27255

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	REGISTERED OWNER	TCT NO.	LOT NO.	BLK NO.	SUBDIVISION PLAN NO.	LAND AREA (SQ.M.)	ENCUMBRANCES / ANNOTATIONS
25	FBDC	29577	2	3	Pcs-00-007928	4,994.00	<p>Entry No. 1223/T-No. 27125</p> <p>Entry No. 10007/T-No. 27255</p> <p>Entry No. 2966/T-No. 29577- SPECIAL POWER OF ATTORNEY: In favor of Hongkong and Shanghai Banking Corporation, as Trustee under the provision of the Pool Formation &amp; Trust Agreement dated as of 23rd December, 1999, conferred by herein registered owner granting the power to negotiate the sale, conclude and sign, execute and deliver the pertinent deed of sale covering the property described herein in accordance with Doc. No. 506, page 36, Book I, S. of 1999 of Notary public for Taguig, Atty. Charles Mercado</p> <p>Date of instrument – 24th December, 1999</p> <p>Date of inscription – 16th August, 2002 at 2:45 p.m.</p> <p>Entry No. 2967/T-No. 29577- TRUST AGREEMENT: by virtue of the Pool Formation &amp; Trust Agreement, FBDC as the Trustor hereby appoints Hongkong &amp; Shanghai Banking Corporation as Trustee to receive proceeds of the GCR xxx. If an event of default occurs and is continuing, the Trustee, on behalf of the investors and pursuant to the Special Power of Attorney, may sell any or all the lots then remaining and subsequently apply the proceeds thereof for the reduction or full payment, as the case maybe of any shortfall in the Return or the GCR Balance of each GCR Holder. Other details indicated in Article VI of the Pool Formation &amp; Trust Agreement are set forth in Doc. No. 76, page 17, Book I, S. of 1999 of Notary Public for Taguig, Ma. Elizabeth Loriega dated 23rd December, 1999</p> <p>Date of Inscription – 16th August, 2002 at 2:46 p.m.</p>
26	FBDC	29480	1	2	Pcs-00-007928	2,745.00	Entry No. 1223/T-No. 27125
27	FBDC	29483	4	2	Pcs-00-007928	2,500.00	Entry No. 1223/T-No. 27125
28	FBDC	29489	3	3	Pcs-00-007928	5,908.00	<p>Entry No. 1223/T-No. 27125</p> <p>Entry No. 10007/T-No. 27255</p>
29	FBDC	29493	6		Pcs-00-007928	5,817.00	<p>Entry No. 1223/T-No. 27125</p> <p>Entry No. 10007/T-No. 27255</p>
30	FBDC	29506	2	10	Pcs-00-007928	5,138.00	<p>Entry No. 1223/T-No. 27125</p> <p>Entry No. 10007/T-No. 27255</p>
31	FBDC	29508	4	10	Pcs-00-007928	5,139.00	<p>Entry No. 1223/T-No. 27125</p> <p>Entry No. 10007/T-No. 27255</p>
32	FBDC	29509	1	11	Pcs-00-007928	3,854.00	<p>Entry No. 1223/T-No. 27125</p> <p>Entry No. 10007/T-No. 27255</p>
33	FBDC	29510	2	11	Pcs-00-007928	4,471.00	<p>Entry No. 1223/T-No. 27125</p> <p>Entry No. 10007/T-No. 27255</p>

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	REGISTERED OWNER	TCT NO.	LOT NO.	BLK NO.	SUBDIVISION PLAN NO.	LAND AREA (SQ.M.)	ENCUMBRANCES / ANNOTATIONS
34	FBDC	29511	3	11	Pcs-00-007928	3,872.00	Entry No. 1223/T-No. 27125 Entry No. 10007/T-No. 27255
35	FBDC	29512	4	11	Pcs-00-007928	4,435.00	Entry No. 1223/T-No. 27125 Entry No. 10007/T-No. 27255
36	FBDC	29513	5	11	Pcs-00-007928	8,080.00	Entry No. 1223/T-No. 27125 Entry No. 10007/T-No. 27255
37	FBDC	29514	6	11	Pcs-00-007928	4,519.00	Entry No. 1223/T-No. 27125
38	FBDC	29515	7	11	Pcs-00-007928	4,413.00	Entry No. 1223/T-No. 27125
39	FBDC	29507	3	10	Pcs-00-007928	5,138.00	Entry No. 1223/T-No. 27125 Entry No. 10007/T-No. 27255
40	FBDC	31262	1	6	Psd-00-046745	1,600.00	Entry No. 2681/ T-No. 31262
41	FBDC	31263	2	6	Psd-00-046745	1,600.00	Entry No. 2681/ T-No. 31262
42	FBDC	31264	3	6	Psd-00-046745	1,600.00	Entry No. 2681/ T-No. 31262
43	FBDC	31265	4	6	Psd-00-046745	1,600.00	Entry No. 2681/ T-No. 31262
44	FBDC	31266	1	7	Psd-00-046745	1,585.00	Entry No. 2681/ T-No. 31262
45	FBDC	31267	2	7	Psd-00-046745	1,585.00	Entry No. 2681/ T-No. 31262
46	FBDC	31268	3	7	Psd-00-046745	1,585.00	Entry No. 2681/ T-No. 31262
47	FBDC	31269	4	7	Psd-00-046745	1,585.00	Entry No. 2681/ T-No. 31262
48	FBDC	34444	1		Pcs-00-008685	11,132.50	Entry No. 1223/ T-No. 27125
49	FBDC	35405	2		Pcs-00-053380	1,673.00	Entry No. 2681/ T-No. 31262
50	FBDC	35406	3		Pcs-00-053380	3,347.00	Entry No. 2681/ T-No. 31262
51	FBDC	35408	5		Pcs-00-053380	2,233.00	Entry No. 2681/ T-No. 31262
52	FBDC	35800	1		Pcs-00-009466	2,002.00	Entry No. 2681/ T-No. 31262
53	FBDC	35801	2		Pcs-00-059466	1,747.00	Entry No. 2681/ T-No. 31262
54	FBDC	35802	3		Pcs-00-059466	2,052.00	Entry No. 2681/ T-No. 31262
55	FBDC	35850	1		Psd-00-055081	1,600.00	Entry No. 2681/ T-No. 31262
56	FBDC	35851	2		Psd-00-055081	1,600.00	Entry No. 2681/ T-No. 31262
57	FBDC	35852	3		Psd-00-055081	2,559.00	Entry No. 2681/ T-No. 31262

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	REGISTERED OWNER	TCT NO.	LOT NO.	BLK NO.	SUBDIVISION PLAN NO.	LAND AREA (SQ.M.)	ENCUMBRANCES / ANNOTATIONS
58	FBDC	36760	6		Pcs-00-009465	1,627.00	Entry No. 2681/ T-No. 31262
59	FBDC	36762	8		Pcs-00-009465	1,755.00	Entry No. 4383/T-No. 36762 Amendment (Substitution of Collateral) in favor of 1st eBank Corp. Trust and Investment Services Dept. of the Mortgage Trust Indenture dated 13th December, 1999 and supplemented on 6th September, 2000 for the sum of P86 million covering the property described herein as substitute collateral to TCT No. 31326 subject to all the terms and conditions of the said Mortgage Trust Indenture. Date of Inscription: 28th September, 2001
60	FBDC	35411	3		Pcs-00-053376	1,600.00	Entry No. 1453/T-No. 35411 Mortgage in favor of Banco de Oro for P50 million Date of Inscription: 27th April, 2001  Entry No. 3234/T-No. 35411 Amendment in favor of Banco de Oro of the Mortgage increasing the consideration to P120 million Date of Inscription: 17th July, 2001
61	FBDC	35413	5		Pcs-00-053376	2,463.00	Entry No. 1453/T-No. 35411 Entry No. 3234/T-No. 35411
62	FBDC	35414	6		Pcs-00-053376	1,782.00	Entry no. 335/T-No. 35414 Mortgage in favor of Banco de Oro for P27 million Date of Inscription: 13th February, 2002
63	FBDC	36756	2		Pcs-00-009465	1,600.00	Entry No. 8977/T-No. 31283 Mortgaged: In favor of Sun Life of Canada Phils. Inc. for P250,000 Date of Instrument: 14th September, 2000 Date of Inscription: 20th September, 2000
64	FBDC	36757	3		Pcs-00-009465	2,144.00	Entry No. 8977/T-No. 31283
65	FBDC	36758	4		Pcs-00-009465	1,940.00	Entry No. 8977/T-No. 31283
66	FBDC	36759	5		Pcs-00-009465	1,736.00	Entry No. 8977/T-No. 31283
67	FBDC	36755	1		Pcs-00-009465	1,746.00	Entry No. 8977/T-No. 31283
68	FBDC	36761	7		Pcs-00-009465	1,827.00	Entry No. 2681/ T-No. 31262  Entry No. 4247/T-No. 36761 Mortgage in favor of Asia United Bank for P44 million Date of Inscription: 26th November, 2002
69	FBDC	35410	2		Psd-00-053376	1,600.00	Entry No. 2681/ T-No. 31262
70	FBDC	35412	4		Psd-00-053376	1,600.00	Entry No. 2681/ T-No. 31262
71	FBDC	35409	1		Psd-00-053376	1,600.00	Entry No. 2681/ T-No. 31262



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	REGISTERED OWNER	TCT NO.	LOT NO.	BLK NO.	SUBDIVISION PLAN NO.	LAND AREA (SQ.M.)	ENCUMBRANCES / ANNOTATIONS
72	FBDC	31306	21		Psd-00-046745	5,816.00	None
73	FBDC	31347	50		Psd-00-046745	5,816.00	None
74	FBDC	34442	1		Psd-00-049453	10,929.00	None
75	FBDC	34756	2		Pcs-00-008760	20,556.00	None
76	FBDC	36765	1		Psd-00-055082	2,305.00	Entry No. 1223/T-No. 27125
77	FBDC	36766	2		Psd-00-055082	2,818.00	Entry No. 1223/T-No. 27125
78	FBDC	36768	3		Psd-00-055082	3,268.00	Entry No. 1223/T-No. 27125
79	FBDC	31258	2		Psd-00-046745	36,289.00	None
80	Capital Consortium Inc.	34765	Portion of Lot 1 (Psd 00-048094)	Portion of Blk. 58 (Psd 00-046745)	Pcn-00-000825	6,828.00	Entry No. 1223/T-No. 27125
81	FBDC	31297	1	18	Psd-00-046745	1,642.50	Entry No. 1550/T-35419: Mortgage in favor of Banco de Oro for P150 million Date of Inscription: 24th April, 2002
82	FBDC	31298	2	18	Psd-00-046745	1,642.50	Entry No. 1550/T-35419
83	FBDC	31299	3	18	Psd-00-046745	1,642.50	Entry No. 1550/T-35419
84	FBDC	31300	4	18	Psd-00-046745	1,642.50	Entry No. 1550/T-35419
85	FBDC	35417	3		Psd-00-053382	3,454.00	Entry No. 1550/T-35419
86	FBDC	35418	4		Psd-00-053382	1,727.00	Entry No. 1550/T-35419
87	FBDC	35419	5		Psd-00-053382	1,728.00	Entry No. 1550/T-35419
88	FBDC	35420	1		Psd-00-053379	2,305.00	None
89	FBDC	35421	2		Psd-00-053379	2,818.00	None
90	FBDC	35422	3		Psd-00-053379	3,454.00	None
91	FBDC	35423	4		Psd-00-053379	1,728.00	None
92	FBDC	35424	5		Psd-00-053379	1,727.00	None
93	FBDC	31333	42		Psd-00-046745	8,609.00	None
94	FBDC	31334	1	43	Psd-00-046745	1,642.50	None
95	FBDC	31335	2	43	Psd-00-046745	1,642.50	None

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	REGISTERED OWNER	TCT NO.	LOT NO.	BLK NO.	SUBDIVISION PLAN NO.	LAND AREA (SQ.M.)	ENCUMBRANCES / ANNOTATIONS
96	FBDC	31336	3	43	Psd-00-046745	1,642.50	None
97	FBDC	31337	4	43	Psd-00-046745	1,642.50	None
98	FBDC	31338	1	44	Psd-00-046745	1,642.50	None
99	FBDC	31339	2	44	Psd-00-046745	1,642.50	None
100	FBDC	31340	3	44	Psd-00-046745	1,642.50	None
101	FBDC	31341	4	44	Psd-00-046745	1,642.50	None
102	FBDC	35415	1		Psd-00-053382	2,305.00	None
103	FBDC	35416	2		Psd-00-053382	2,818.00	None
104	FBDC	31295	1	6	Psd-00-046745	16,741.00	None
105	FBDC	31301	1	19	Psd-00-046745	1,642.50	None
106	FBDC	31302	2	19	Psd-00-046745	1,642.50	None
107	FBDC	31303	3	19	Psd-00-046745	1,642.50	None
108	FBDC	31304	4	19	Psd-00-046745	1,642.50	None
109	FBDC	31305	20		Psd-00-046745	8,608.00	None
110	FBDC	36139	32		PCS-00-009459	19,745.32	None
111	FBDC	36140	1	33	PCS-00-009459	30,688.86	None
112	FBDC	40081	2		Psd-00-060299	25,939.00	None
113	FBDC	40082	3		Psd-00-060299	4,184.00	None
114	FBDC	40083	4		Psd-00-060299	3,516.00	None
115	FBDC	40085	6		Psd-00-060299	33,641.00	None
116	FBDC	40087	1		Psd-00-060334	20,556.00	None
117	FBDC	40089	3		Psd-00-060334	3,007.00	None

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, 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
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	628,296,599 (C)
Manuel V. Pangilinan	6,026,759 (P)
Michael J.A. Healy	877,991 (P)
Ronald A. Brown	3,452,640 (P)
Edward A. Tortorici	13,132,129 (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 15,048,064 common shares (P) in MPC, 40,000 common shares (P) in Philippine Long Distance Telephone Company (“PLDT”) and 300,000 common shares (P) in Pilipino Telephone Corporation. In addition, he is 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 (“Indofood”).

- Ronald A. Brown owned 582,500 ordinary shares (P) in Indofood.
- Edward A. Tortorici owned 2,450,000 ordinary shares (P) in Indofood, 3,051,348 common shares (P) in MPC and 96,880 common shares (P) in PLDT.
- Sutanto Djuhar owned 15,520,335 ordinary shares (C) in Indofood.
- Tedy Djuhar owned 15,520,335 ordinary shares (C) in Indofood.
- Ibrahim Risjad owned 6,406,180 ordinary shares (P) in Indofood.
- Anthoni Salim owned 632,370 ordinary shares (C) in Indofood.

*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 or 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 1,418,525,963 First Pacific Shares in their name as at the Latest Practicable Date. Of such First Pacific Shares, 790,229,364 First Pacific Shares, representing 24.80 per cent of the issued share capital of First Pacific as at the Latest Practicable Date, have been included in the interests of four First Pacific directors' corporate interests via First Pacific Investments Limited as referred to in section 2(a) above. The remaining 628,296,599 First Pacific Shares, representing 19.72 per cent of the issued share capital of First Pacific as at the Latest Practicable Date, 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.

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, CB Richard Ellis, Rothschild nor ING, 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 31st December, 2001 (the date to which the latest published audited consolidated financial statements of the First Pacific Group were drawn up); save in the case of ING as agent for ING Bank (or any of the affiliates of ING Bank) for loans advanced to members of the First Pacific Group in the ordinary course of the business of ING and security granted or to be granted by the First Pacific Group over certain of its assets in order to secure the repayment of such advances.
- (g) Save as disclosed herein, there is no contract or arrangement subsisting 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.

### **3. MATERIAL CONTRACTS**

As at the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the First Pacific Group within two years preceding the date of this circular which are or may be material:–

- (a) the Larouge Loan facility agreement dated 26th March, 2001 (together with Deed of Amendment and Reconfirmation dated 31st October, 2001 and the Larouge Loan Supplemental Deed);
- (b) the Larouge Pledge agreement dated 6th April, 2001 (together with the Larouge Pledge Supplemental Agreement and side letter dated 8th February, 2003 between MPC and Larouge);
- (c) the MPC Agreement dated 23rd November, 2002 (together with amendment agreement dated 8th February, 2003);
- (d) the Larouge Agreement;
- (e) the Balance BLC Note and the Balance BLC Note Security;
- (f) the BLC Note and the BLC Note Security;
- (g) the Pre-Closing Pledge Agreement (together with Amendment to Pledge Agreement dated 8th February, 2003);

- (h) the Security Assignment;
- (i) the memorandum of agreement dated 4th June, 2002 entered into between First Pacific and the Gokongwei Group (being the Gokongwei family and their related companies and other business entities) in relation to the establishment of joint venture arrangements with the Gokongwei Group in relation to the First Pacific Group's interests in Philippine Long Distance Telephone Company and Bonifacio Land Corporation for an aggregate consideration of US\$616.6 million (HK\$4,809.5 million);
- (j) the sale and purchase agreement dated 28th November, 2001 entered into by First Pacific and Nakornchuen Co. Ltd. in relation to the disposal by First Pacific of its entire indirect stake in Berli Jucker Public Company Limited for US\$125 million (HK\$975.0 million); and
- (k) the sale and purchase agreement dated 6th December, 2001 entered into by First Pacific and Far East Drug BVI Limited in relation to the disposal by First Pacific of its entire interest in PT Darya-Varia Laboratoria Tbk for US\$35 million (HK\$273.0 million).

#### **4. 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 save for the following:—

- (a) MPC has received two letters from Singson Valdez & Associates, Philippine counsel for Export and Industry Bank, Inc. (a creditor of MPC) dated 21st January, 2003 and 30th January, 2003, respectively, and MPC's Philippine counsel, Abello Concepcion Regala & Cruz has sent a letter dated 29th January, 2003 in reply to the first such letter. The letters relate to certain indebtedness owed by MPC to Export and Industry Bank, Inc., certain shares of BLC which serve as security for that indebtedness and the transactions contemplated by the MPC Agreement. The letters to MPC and their counsel state, among other things, that Export and Industry Bank, Inc. may challenge the transactions contemplated by the MPC Agreement and threatens legal action against MPC and possibly others.

**5. EXPERTS**

- (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.
- (c) CB Richard Ellis is a property valuer 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.
- (d) CB Richard Ellis has given and has not withdrawn its written consent to the issue of this circular, with the inclusion of its report and references to its name in the form and context in which they appear, and such report was given as at 26th February, 2003 for incorporation herein.
- (e) Picazo Buyco Tan Fider & Santos is a professional partnership of Philippine lawyers duly authorized to practice law in the Philippines 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, although certain partners of Picazo Buyco Tan Fider & Santos may, in their individual capacities, hold shareholdings or rights to subscribe for securities in members of the First Pacific Group. However, the attorneys involved in the preparation of the legal opinion of Picazo Buyco Tan Fider & Santos referred to in this circular have confirmed that they do not hold any such shareholdings or rights to subscribe for securities.
- (f) Picazo Buyco Tan Fider & Santos has given and has not withdrawn its written consent to the issue of this circular, with references to its name and its legal opinion included in the form and context in which they appear, and the statements made in its legal opinion were made as at 26th February, 2003 for incorporation herein.

6.
APPLIED EXCHANGE RATES

For reference purposes, closing and average exchange rates for the published periods are detailed below.

	As at 30th June, 2002	As at 31st December, 2001	As at 31st December, 2000
<b>Closing rate</b>			
Pesos: US\$1	50.33	51.60	49.96
HK\$: US\$1	7.80	7.80	7.80
	<b>Six months ended 30th June, 2002</b>	<b>Year ended 31st December, 2001</b>	<b>Year ended 31st December, 2000</b>
<b>Average rate</b>			
Pesos: US\$1	50.72	51.04	44.67
HK\$: US\$1	7.80	7.80	7.79

At the close of business on 31st December, 2002, US\$1 was equivalent to HK\$7.80. At the close of business on the Latest Practicable Date, US\$1 was equivalent to Pesos 54.05 or HK\$7.80, respectively.

7.
MISCELLANEOUS

- (a) The Company Secretary of First Pacific is Mr. 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 Fund Services (Bermuda) Limited at Rosebank Centre, 11 Bermudiana Road, Pembroke, Bermuda.
- (d) The Share Registrar and Transfer Office (Hong Kong Branch) is Computershare Hong Kong Investor Services Limited at Rooms 1901-5, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong SAR.
- (e) The English text of this circular shall prevail over the Chinese text in case of any inconsistency.



**8. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are 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 18th March, 2003:–

- (a) the memorandum of association and bye-laws of First Pacific;
- (b) the annual reports of the First Pacific Group for the years ended 31st December, 2001 and 31st December, 2000;
- (c) the interim report of the First Pacific Group for the six months ended 30th June, 2002;
- (d) the material contracts referred to in paragraph 3 above;
- (e) all reports, letters or other documents, balance sheets, valuations and statements made by Rothschild or CB Richard Ellis, any part of which is extracted or referred to in this circular; and
- (f) this circular.

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## NOTICE OF SPECIAL GENERAL MEETING

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### FIRST PACIFIC COMPANY LIMITED

*(Incorporated in Bermuda with limited liability)*

NOTICE IS HEREBY GIVEN that a special general meeting of First Pacific Company Limited will be held at The Washington Room, The American Club, 47th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong SAR on Wednesday, 19th March, 2003 at 12:00 noon for the purpose of considering and, if thought fit, passing (with or without modification) the following resolution, as an Ordinary Resolution:–

**“THAT:–**

- (a) the agreement dated 23rd November, 2002 entered into between Metro Pacific Corporation (“**MPC**”), Greenfield Development Corporation and Ayala Land, Inc., as amended pursuant to the amendment agreement dated 8th February, 2003, (the “**MPC Agreement**”), a copy of which has been produced to this meeting marked “A” and signed by the Chairman of the meeting for the purpose of identification;
- (b) the supplemental deed dated 8th February, 2003 entered into by MPC and Larouge B.V. (“**Larouge**”) (the “**Supplemental Deed**”) in relation to the amendment of the facility agreement dated 26th March, 2001, as amended pursuant to a deed of amendment and reconfirmation dated 31st October, 2001 entered into between MPC and Larouge;
- (c) the supplement dated 8th February, 2003 entered into by MPC (and the other pledgors named therein) (the “**Supplement to the Larouge Pledge Agreement**”) in relation to the amendment of the Pledge Agreement dated 6th April, 2001 executed by MPC (and the other pledgors named therein);
- (d) the assignment agreement dated 8th February, 2003 entered into between Larouge B.V. as assignor, Evergreen Holdings, Inc., and Ayala Land, Inc. as assignees and Greenfield Development Corporation as guarantor (the “**Larouge Agreement**”), a copy of which has been produced to this meeting marked “B” and signed by the Chairman of the meeting for the purpose of identification,

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## NOTICE OF SPECIAL GENERAL MEETING

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and the transactions contemplated thereunder, be and are hereby approved, ratified and confirmed, and 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 MPC Agreement, the Supplemental Deed, the Supplement to the Larouge Pledge Agreement and the Larouge Agreement or any matter related thereto and to make and agree, or authorise Larouge to make and agree, such amendments or variations thereto, and grant, or authorise Larouge to grant, any waivers of any conditions precedent or other provisions of the MPC Agreement, the Supplemental Deed, the Supplement to the Larouge Pledge Agreement and the Larouge 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**  
*Executive Director and Company Secretary*

Dated: 28th February, 2003

*Notes:*

1. Any shareholder entitled to attend and vote at the special general meeting convened by the above notice is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy need not be a shareholder of First Pacific.
2. A form of voting proxy for the special general meeting 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 First Pacific’s head office (Attention: Corporate Secretarial Department) at 24th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong SAR, not less than 48 hours before the time appointed for holding the special general meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting or any adjourned meeting should they so wish.
3. In respect of the Ordinary Resolution set out in the notice convening the special general meeting, Messrs. Manuel V. Pangilinan, Michael J. A. Healy and Edward A. Tortorici and their respective associates (as defined in the Listing Rules) will abstain from voting.