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

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## **FIRST PACIFIC COMPANY LIMITED**

**第一太平洋有限公司**

*(incorporated with limited liability under the laws of Bermuda)*

Website: <http://www.firstpacco.com>

**(Stock Code: 00142)**

### **A DISCLOSEABLE TRANSACTION RELATING TO THE GUARANTEE OF THE ISSUE BY FIRST PACIFIC FINANCE LIMITED**

*(incorporated with limited liability under the laws of the Cayman Islands)*

**OF US\$199,000,000**

### **ZERO COUPON GUARANTEED EXCHANGEABLE NOTES DUE 2010 EXCHANGEABLE INTO COMMON STOCK OF PAR VALUE PHP5.00 EACH OF PHILIPPINE LONG DISTANCE TELEPHONE COMPANY**

*(incorporated with limited liability under the laws of the Republic of the Philippines)*

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## DEFINITIONS

In this circular and the appendix to it, the following expressions have the following meanings unless the context requires otherwise:

“Closing Date”	The closing date for the Notes, being 18 January 2005.
“Conditions”	The terms and conditions of the Notes.
“Directors”	The directors of the Company.
“Early Redemption Amount”	For each US\$10,000 principal amount of the Notes, the amount determined to represent for the holder of the Notes a gross yield of 5.625 per cent. per annum.
“Exchange Period”	The period beginning on and after 17 February 2005, and ending at the close of business on the date which falls 10 days prior to the Maturity Date or if the Notes shall have been called for redemption prior to the Maturity Date, on the date which falls 10 days prior to the date fixed for redemption.
“Exchange Property”	The 6,784,091 PLDT Shares deposited in a designated account with a custodian on the Closing Date, and shall include all securities and other property arising out of or derived or resulting therefrom and such other property, in each case as may be deemed or required to comprise all or part of the Exchange Property pursuant to the Conditions.
“Exchange Right”	The right of a holder of Notes to exchange such Notes during the Exchange Period for a <i>pro rata</i> share of Exchange Property.
“Group”	The Company together with its subsidiaries.
“Guarantee”	The guarantee by the Company of the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Notes and the due and punctual performance by the Issuer of all of the Issuer’s other obligations under the Notes.
“Company” or “Guarantor”	First Pacific Company Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange.
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China.

## DEFINITIONS

“Issuer”	First Pacific Finance Limited, a company incorporated with limited liability in the Cayman Islands and a wholly-owned subsidiary of the Company.
“Larouge B.V.”	A wholly owned subsidiary of the Company, being a private company incorporated in The Netherlands with limited liability with its corporate seat in Amsterdam.
“Latest Practicable Date”	28 January 2005, 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.
“Maturity Date”	The maturity date for the Notes, being 18 January 2010.
“Note” or “Notes”	The US\$199,000,000 Zero Coupon Guaranteed Exchangeable Notes due 2010, exchangeable into common stock of par value Php5.00 each of PLDT.
“PLDT”	Philippine Long Distance Telephone Company, a company incorporated in the Philippines with limited liability, the shares of which are listed on the Philippine Stock Exchange (currently an associated company of the Company).
“PLDT group”	PLDT together with its subsidiaries.
“PLDT Shares”	Fully paid common stock of par value Php5.00 each in the capital of PLDT and all other (if any) shares or stock resulting from any subdivision, consolidation or reclassification of those shares which, as between themselves, have no preference in respect of dividends or amounts payable in the event of any voluntary or involuntary liquidation or winding-up of PLDT.
“Php”	Philippine Pesos, the lawful currency of the Republic of the Philippines.
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).
“SGX-ST”	The Singapore Exchange Securities Trading Limited.
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

## DEFINITIONS

“Subscription Agreement”	The subscription agreement entered into between the Issuer, the Company and UBS AG on 12 January 2005 in connection with the issue of the Notes.
“Trading Day”	With respect to PLDT Shares, a day (other than a Saturday and Sunday) on which the Philippine Stock Exchange is open for business.
“Trustee”	The Hongkong and Shanghai Banking Corporation Limited.
“Trust Deed”	The trust deed to be entered into between, <i>inter alia</i> , the Issuer, the Company and the Trustee, constituting the Notes.
“United States or U.S.”	The United States of America, its territories and possessions, any state of the United States, and the District of Columbia.
“US\$”	United States dollars, the lawful currency of the United States.

LETTER FROM THE BOARD OF DIRECTORS



**FIRST PACIFIC COMPANY LIMITED**

**第一太平洋有限公司**

*(incorporated with limited liability under the laws of Bermuda)*

Website: <http://www.firstpacco.com>

**(Stock Code: 00142)**

*Chairman:*

Anthoni Salim

*Executive Directors:*

Manuel V. Pangilinan (*Managing Director and CEO*)

Edward A. Tortorici

Robert C. Nicholson

*Non-Executive Directors:*

His Excellency Albert F. del Rosario

Sutanto Djuhar

Tedy Djuhar

Ibrahim Risjad

Benny S. Santoso

*Registered Office:*

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

*Hong Kong Principal Office:*

24th Floor

Two Exchange Square

8 Connaught Place

Central

Hong Kong

*Independent Non-Executive Directors:*

Graham L. Pickles

Professor Edward K.Y. Chen, *GBS, CBE, JP*

David W.C. Tang,

*OBE, Chevallier de L'Ordre des Arts et des Lettres*

2 February 2005

Dear Shareholders,

**A DISCLOSEABLE TRANSACTION RELATING TO THE GUARANTEE OF  
THE ISSUE BY FIRST PACIFIC FINANCE LIMITED OF US\$199,000,000  
ZERO COUPON GUARANTEED EXCHANGEABLE NOTES DUE 2010  
EXCHANGEABLE INTO COMMON STOCK OF PAR VALUE PHP5.00 EACH OF  
PHILIPPINE LONG DISTANCE TELEPHONE COMPANY**

**INTRODUCTION**

On 12 January 2005 the Directors announced that the Company and the Issuer had entered into the Subscription Agreement with UBS AG, whereby UBS AG agreed to subscribe for the Notes on the Closing Date. The Notes were issued by the Issuer in

## LETTER FROM THE BOARD OF DIRECTORS

registered form on the Closing Date in an aggregate principal amount of US\$199,000,000 and are unconditionally and irrevocably guaranteed by the Company. The Notes were issued at the issue price of 100 per cent. of the aggregate principal amount thereof, and in the denomination of US\$10,000 each.

The holder of each Note has an Exchange Right to exchange such Note at any time during the Exchange Period for a *pro rata* share of the Exchange Property, initially comprising 340.9091 PLDT Shares (subject to adjustment) for each US\$10,000 principal amount of Notes. The closing price of one PLDT Share as quoted on the Philippine Stock Exchange on 11 January 2005 was Php1,360. The value of the Exchange Right represents a premium of 21 per cent. over the closing price of the PLDT Shares as quoted on the Philippine Stock Exchange on 11 January 2005. Assuming full exchange of the Notes at the initial value of the Exchange Property, the Notes will be exchangeable into 6,784,091 PLDT Shares (subject to adjustment), representing approximately 4.0 per cent. of the Company's interest in PLDT, and reducing the Company's economic interest in PLDT from approximately 24.2 per cent. to 20.2 per cent. and reducing the Company's percentage of voting interest of PLDT from approximately 31.3 per cent. to 27.3 per cent.

The estimated net proceeds of the issue of the Notes, after deduction of commissions and professional and administrative expenses (amounting to approximately US\$5,000,000), are estimated to be approximately US\$194,000,000. The Issuer intends to lend the net proceeds from the issue of the Notes to the Company. The Company intends to use the net proceeds for general corporate purposes including acquisitions in line with the Company's principal strategic objectives, repayment of debt and working capital (however, no specific acquisition is currently contemplated).

Approval in-principle was granted on 2 December 2004 for the listing of, and quotation for, the Notes on the official list of the SGX-ST. The Notes have been listed and quoted on the SGX-ST with effect from 19 January 2005.

### SUBSCRIPTION AGREEMENT

Date: 12 January 2005

Parties: The Issuer

The Company

UBS AG

Pursuant to the Subscription Agreement UBS AG subscribed, or procured subscriptions, for the Notes. UBS AG is independent of, and not a connected person (as defined in the Listing Rules) with respect to, the Company and the Issuer. UBS AG undertakes business as an international investment bank.

## LETTER FROM THE BOARD OF DIRECTORS

The issue of the Notes by the Issuer was completed on the Closing Date against receipt by the Issuer on the Closing Date of the proceeds of issue. The Notes have been listed and quoted on the SGX-ST with effect from 19 January 2005.

The Notes were offered and sold to persons whose ordinary business involves buying, selling or investing in securities outside the United States in reliance upon Regulation S of the U.S. Securities Act. None of the Notes were offered to the public in Hong Kong nor were they placed to any connected persons (as defined in the Listing Rules) of the Issuer or the Company.

It was agreed that UBS AG may, to the extent permitted by, and in accordance with, applicable laws and regulations, over allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period.

### **Places**

Not less than six independent places. To the best of director's knowledge, information and belief having made all reasonable enquiries, the places and their ultimate beneficial owners were independent of the Issuer and Company and their respective connected persons (as defined in the Listing Rules).

### **Undertaking**

The Company has agreed (save for certain specified exceptions) that it will not, and will procure that none of its subsidiaries will, for a period of 90 days after the Closing Date, without the prior written consent of UBS AG, offer, sell, contract to sell or otherwise dispose of (or publicly announce any such offer, sale or disposal), any common stock of PLDT held by any member of the Group or securities convertible or exchangeable into or exercisable for common stock of PLDT held by any member of the Group or warrants or other rights to purchase common stock of PLDT held by any member of the Group or any security or financial product whose value is determined directly or indirectly by reference to the price of the common stock of PLDT, including equity swaps, forward sales and options representing the right to receive any common stock of PLDT.

## **PRINCIPAL TERMS OF THE NOTES**

The principal terms of the Notes, which are constituted by a trust deed entered into between, *inter alia*, the Issuer, the Company (acting as Guarantor) and the Trustee, are summarised as follows:

### **Issuer**

First Pacific Finance Limited, a company incorporated with limited liability in the Cayman Islands and a wholly-owned subsidiary of the Company.

# LETTER FROM THE BOARD OF DIRECTORS

## **Guarantor**

First Pacific Company Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange.

## **Trustee**

The Hongkong and Shanghai Banking Corporation Limited.

## **Principal Amount**

The aggregate principal amount of the Notes is US\$199,000,000.

## **Guarantee**

The Company has unconditionally and irrevocably guaranteed the payment of all sums from time to time payable by the Issuer in respect of the Notes and the due and punctual performance by the Issuer of all of the Issuer's obligations under the Notes.

## **Issue Price**

100 per cent. of the principal amount of the Notes.

## **Interest**

The Notes bear no interest.

## **Exchange Right**

The holder of each Note has the right to exchange such Note at any time during the Exchange Period for a *pro rata* share of the Exchange Property (subject as described below under "Cash Settlement Option").

## **Exchange Period**

The period beginning on and after 17 February 2005, and ending at the close of business on the date which falls 10 days prior to the Maturity Date, or if the Notes shall have been called for redemption prior to the Maturity Date, on the date which falls 10 days prior to the date fixed for redemption.

## **Exchange Property**

The Exchange Property initially comprises 6,784,091 PLDT Shares and includes all securities and other property arising out of or derived or resulting therefrom and such other property, in each case as may be deemed or required to comprise all or

## LETTER FROM THE BOARD OF DIRECTORS

part of the Exchange Property pursuant to the Conditions, but excluding any such property as may or may be deemed to have ceased to form part of the Exchange Property.

### **Initial Exchange Ratio**

On the exercise of Exchange Rights, a holder of Notes will initially be entitled to receive 340.9091 PLDT Shares for each US\$10,000 principal amount of Notes, subject to adjustment in accordance with the Conditions. No additional consideration is payable by a Noteholder on exercise of Exchange Rights.

### **Cash Settlement Option**

In lieu of delivery of some or all of the Exchange Property, the Issuer may make a cash settlement payment in U.S. dollars in respect of all or any portion of a Note deposited for exchange.

### **Anti Dilution Provisions**

The Exchange Property is subject to adjustment upon the occurrence of certain dilutive events including, among others, bonus issues, alterations to the par value of the PLDT Shares, rights issues and capital distributions.

### **Transfer**

The Notes are in registered form in the denomination of US\$10,000 each. The Notes may be held and transferred, and will be offered and sold, in the principal amount of US\$10,000 and integral multiples of US\$10,000 in excess thereof.

The Company will promptly notify the Stock Exchange if it becomes aware of any dealings in the Notes by any connected person (as defined in the Listing Rules) of the Company and will comply with the relevant Listing Rules with respect thereto.

### **Maturity**

Unless previously redeemed, exchanged, or purchased and cancelled, the Issuer will redeem each Note at 131.97 per cent. of its principal amount on the Maturity Date.

### **Redemption at the Option of the holders of the Notes**

The Issuer will, at the option of any holder of the Notes, redeem any Note on 18 January 2008 at a price equal to 118.11 per cent. of its principal amount. The Issuer will also, at the option of any holder of the Notes, redeem any Note at their Early Redemption Amount in the event the PLDT Shares cease to be listed or admitted to trading on the Philippine Stock Exchange (or if applicable, on any other stock exchange of which notice has given to holders of Notes).

## LETTER FROM THE BOARD OF DIRECTORS

### **Redemption at the Option of the Issuer**

The Issuer may, having given not less than 30 nor more than 60 days' notice (which notice will be irrevocable), (i) at any time from and including 1 February 2008, redeem all or some only of the Notes at a redemption price equal to the Early Redemption Amount, in the event that the value of the Exchange Property on each of the 20 consecutive Trading Days the last day of which period occurs no more than 5 Trading Days immediately prior to the date on which the relevant notice of redemption is given by the Issuer shall have exceeded 130 per cent. of the Early Redemption Amount of the Notes outstanding on such Trading Day; or (ii) at any time, redeem all, but not some only, of the Notes at a redemption price equal to the Early Redemption Amount, if at any time prior to the date on which the relevant notice of redemption is given by the Issuer less than 10 per cent. in aggregate face value of the Notes originally issued is outstanding.

### **Redemption for Taxation Reasons**

The Issuer may, having given not less than 30 nor more than 60 days' notice (which notice shall be irrevocable) redeem all, and not some only, of the Notes at a redemption price equal to the Early Redemption Amount on a date fixed for redemption if (i) the Issuer or the Company has or will become obliged to pay any additional amounts or further additional amounts in respect of any payment by the Issuer or (upon failure by the Issuer) the Company under or in respect of the Trust Deed or Notes as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Hong Kong, Bermuda or the Cayman Islands or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws, regulations, rulings or other administrative pronouncements which change or amendment becomes effective on or after 12 January, 2005; and (ii) such obligation cannot be avoided by the Issuer (or the Company, as the case may be) taking reasonable measures available to it. No such notice of redemption shall be given earlier than 90 days prior to nor later than 90 days after, the earliest date on which the Issuer (or the Company, as the case may be) would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption for such purposes, the Issuer shall deliver to the Trustee a certificate signed by two directors of the Issuer (or the Company, as the case may be) stating that the obligation referred to in (i) above cannot be avoided by the Issuer (or the Company, as the case may be) taking reasonable measures available to it.

Provided that, holders of the Notes will have the right to elect that such redemption shall not apply and that all amounts of principal, premium or interest shall be made subject to deduction or withholding for or on account of any taxes in the Hong Kong, Cayman Islands or Bermuda or any political subdivision or any authority thereof or therein having power to tax.

# LETTER FROM THE BOARD OF DIRECTORS

## **Ranking of the Notes and the Guarantee**

The Notes will constitute direct, unsubordinated, unconditional and unsecured obligations of the Issuer which will at all times rank *pari passu* among themselves and at least equally with all other present and future direct, unsubordinated, unconditional and unsecured obligations of the Issuer, save for such exceptions as may be provided by mandatory provisions of applicable law.

The Guarantee of the Notes will constitute direct, unsubordinated, unconditional and unsecured obligations of the Company which will at all times rank at least equally with all other present and future direct, unsubordinated, unconditional and unsecured obligations of the Company, save for such exceptions as may be provided by mandatory provisions of applicable law.

## **Listing**

Approval in-principle was granted on 2 December 2004 for the listing of, and quotation for, the Notes on the official list of the SGX-ST. The Notes have been listed and quoted on the SGX-ST with effect from 19 January 2005. The PLDT Shares are listed on the Philippine Stock Exchange and PLDT's American Depositary Shares are listed on the New York Stock Exchange and the Pacific Exchange located in San Francisco, California.

## **Custody Arrangements**

The initial Exchange Property was deposited by Larouge B.V. in an account maintained with The Hongkong and Shanghai Banking Corporation Limited as custodian. The Exchange Property is not subject to any security interest in favour of the holders of the Notes. Pursuant to an International Securities Lenders Association Global Master Securities Lending Agreement dated 18 January 2005 and made between Larouge B.V. and UBS Limited, Larouge B.V. and UBS Limited have entered into a master agreement relating to stock lending arrangements with respect to certain of the PLDT Shares forming the initial Exchange Property, with the intention that certain of the PLDT Shares forming the initial Exchange Property be made available to investors in the Notes pursuant to stock lending arrangements with UBS Limited.

## **EFFECT OF EXCHANGE OF NOTES ON THE COMPANY'S HOLDING IN PLDT**

Assuming full exchange of the Notes for the initial Exchange Property, the Notes would exchangeable into 6,784,091 PLDT Shares, subject to adjustment, reducing the Company's economic interest in PLDT Shares from approximately 24.2 per cent. to 20.2 per cent. and reducing the Company's percentage of voting interest of PLDT from approximately 31.3 per cent. to 27.3 per cent.

## LETTER FROM THE BOARD OF DIRECTORS

Subject to any further changes in the Company's direct or indirect economic interest in PLDT, if all of the Notes were to be exchanged, PLDT would continue to be accounted for as an associated company of the Company (excluding any other events relating to the PLDT Shares).

PLDT is a telecommunications provider in the Philippines. PLDT offers a wide range of telecommunications services across the Philippine's most extensive fibre optic backbone, cellular, fixed line, internet and satellite networks. The Company recorded a profit contribution of US\$76.7 million from PLDT for the year ended 31 December 2003, and recorded a profit contribution of US\$48.8 million for the year ended 31 December 2002.

As at 30 June 2004, the Company accounted for the share of net profit of PLDT and recorded its investment in PLDT in its consolidated accounts under the equity accounting method at a carrying value of US\$682.6 million (or share of net asset value of US\$163.7 million as included in associated companies of the consolidated balance sheet).

Pursuant to the new Hong Kong Accounting Standard 39 "Financial Instruments: Recognition and Measurement" which became effective from 1 January 2005 onwards, the exchangeable option of the Notes qualifies as an embedded derivative. Upon the initial recognition, the fair value of the exchangeable option is identified and accounted for separately from the fair value of the bond instrument. The initial fair value of the exchangeable option upon the issuance of the Notes is estimated to be approximately US\$13.9 million. The fair value of the option liability will continue to be assessed on a mark-to-market basis at each balance sheet date reflecting primarily the changes in PLDT share price. Any change in fair value of the exchangeable option during the relevant accounting period will be recognised and charged to the profit and loss account.

The balance (net of commissions and professional and administrative expenses amounting to approximately US\$5.0 million) of the Notes of approximately US\$180.1 million will be accounted for as a long-term financial liability in the Company's consolidated balance sheet. The difference between the initial fair value of US\$180.1 million and the aggregate redemption value of US\$262.6 million will then be accreted, as interest expense, over the life of the Notes, or until the Notes are extinguished on conversion or early redemption, based on the effective interest rate method.

As an associated company, investment in and results of PLDT will continue to be equity accounted for by the Company under HK GAAP.

### USE OF PROCEEDS

The estimated net proceeds of the issue of the Notes, after deduction of commissions and professional and administrative expenses (amounting to approximately US\$5,000,000), are estimated to be approximately US\$194,000,000. The Issuer intends to lend the net proceeds from the issue of the Notes to the Company. The Company intends to use the net proceeds for general corporate purposes including acquisitions in line with the Company's principal strategic objectives, repayment of debt and working capital (however, no specific acquisition is currently contemplated).

## LETTER FROM THE BOARD OF DIRECTORS

### REASONS FOR AND BENEFITS OF THE NOTES ISSUE

Taking into account that the value at which the Notes can be exchanged for the Exchange Property represents a premium of 21 per cent. over the closing price for one PLDT Share of Php1,360, as quoted on the Philippine Stock Exchange on 11 January, 2005, the issue of the Notes will enable the Company to raise funds from the debt capital markets at lower cost with reasonable tenor and terms to fund its general corporate requirements including acquisitions in line with the Company's principal strategic objectives, repayment of debt and working capital. The Directors are of the view that the terms and conditions of the Notes are fair and reasonable and are in the interest of the Group as a whole.

The Company currently has no plans to dispose of or relinquish its current substantial interest in PLDT. The cash settlement option included in the Conditions will allow the Issuer to make a cash payment in U.S. dollars in respect of all or any portion of a Note deposited for exchange and this mechanism will permit the Company to maintain its current investment level in PLDT.

### GENERAL

The Company is a Hong Kong based investment and management company with its principal business interests in Southeast Asia relating to Telecommunications and Consumer Food Products.

The Company will promptly notify the Stock Exchange if it becomes aware of any dealings in the Notes by any connected person (as defined in the Listing Rules) of the Company and will comply with the relevant Listing Rules with respect thereto.

Yours faithfully,  
By order of the Board  
**First Pacific Company Limited**  
**Manuel V. Pangilinan**  
*Managing Director and CEO*

## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. 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

### (i) Interests of Directors in the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares of the Company, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which: (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers or (b) were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, were as follows:

#### (a) Long positions in shares in the Company

Name		Ordinary shares	Approximate percentage of issued share capital (%)	Ordinary share options
Sutanto Djuhar	30.0 per cent. interest			
Tedy Djuhar	10.0 per cent. interest			
Ibrahim Risjad	10.0 per cent. interest			
Anthoni Salim	10.0 per cent. interest all via First Pacific Investments Limited <sup>(i)</sup>	790,229,364 <sup>(C)</sup>	24.80	–
Anthoni Salim	33.3 per cent. interest via First Pacific Investments (BVI) Limited <sup>(iii)</sup>	628,296,599 <sup>(C)</sup>	19.72	–
Manuel V. Pangilinan		6,026,759 <sup>(P)</sup>	0.19	31,800,000
Edward A. Tortorici		13,132,129 <sup>(P)</sup>	0.41	31,800,000
Robert C. Nicholson		–	–	24,500,000
His Excellency Albert F. del Rosario		–	–	2,840,000

Name	Ordinary shares	Approximate percentage of issued share capital (%)	Ordinary share options
Benny S. Santoso	-	-	2,840,000
Graham L. Pickles	-	-	2,840,000
Edward K.Y. Chen, <i>GBS, CBE, JP</i>	-	-	2,840,000
David W.C. Tang, <i>OBE, Chevallier de L'Ordre des Arts et des Lettres</i>	-	-	2,840,000
 (i) <i>Soedono Salim, the former Chairman of the Company, and Sudwikatmono, a former Non-executive Director of the Company, respectively own 30.0 per cent. and 10.0 per cent. interests in First Pacific Investments Limited.</i>			
 (ii) <i>Soedono Salim, the former Chairman of the Company, owns a 33.3 per cent. interest in First Pacific Investments (BVI) Limited.</i>			

**(b) Long positions in shares in associated corporations**

- Manuel V. Pangilinan owned 15,048,064 common shares<sup>(P)</sup> in Metro Pacific Corporation (MPC), 74,457 common shares<sup>(P)</sup> in PLDT and 360 preferred shares<sup>(P)</sup> in PLDT as beneficial owner and a further 15,417 common shares in PLDT as nominee for another person, as well as 3,200,000 common shares<sup>(P)</sup> in Pilipino Telephone Corporation (PTC).
- Edward A. Tortorici owned 2,450,000 ordinary shares<sup>(P)</sup> in P.T. Indofood Sukses Makmur Tbk (Indofood), 10,541,348 common shares<sup>(P)</sup> in MPC and 104,874 common shares<sup>(P)</sup> in PLDT.
- Sutanto Djuhar owned 15,520,335 ordinary shares<sup>(C)</sup> in Indofood.
- Tedy Djuhar owned 15,520,335 ordinary shares<sup>(C)</sup> in Indofood.
- Ibrahim Risjad owned 6,406,180 ordinary shares<sup>(P)</sup> in Indofood.
- Anthoni Salim owned 632,370 ordinary shares<sup>(C)</sup> in Indofood.

- Albert F. del Rosario owned 85,025 common shares<sup>(P)</sup> in PLDT, 1,560 preferred shares<sup>(P)</sup> in PLDT, 32,231,970 preferred shares<sup>(P)</sup> in Prime Media Holdings, Inc. (PMH) as nominee for another person, 872,911 common shares<sup>(P)</sup> in PMH, 100 common shares<sup>(P)</sup> in Negros Navigation Company, Inc., 4,922 common shares<sup>(P)</sup> in Costa de Madera Corporation, 19,999 common shares<sup>(P)</sup> in FPD Savills Consultancy Philippines, Inc. as beneficial owner and one common share<sup>(P)</sup> in FPD Savills Consultancy Philippines, Inc. as beneficiary of certain trusts, 19,999 common shares<sup>(P)</sup> in FPD Savills Philippines, Inc. as beneficial owner and one common share<sup>(P)</sup> in FPD Savills Philippines, Inc. as beneficiary of certain trusts, 15,000 common shares<sup>(P)</sup> in Metro Pacific Land Holdings Inc., and 80,000 common shares<sup>(P)</sup> in Metro Strategic Infrastructure Holdings, Inc.

*(P) = Personal interest, (C) = Corporate interest*

**(c) Long position in underlying shares in associated corporations**

As at the Latest Practicable Date, pursuant to the share option scheme adopted by PLDT on 10 December 1999, Manuel V. Pangilinan was granted 97,571 stock options in PLDT on 10 December 1999, pursuant to which Manuel V. Pangilinan is entitled to exercise the stock options at the exercise price of Pesos 814 per share during the period from 10 December 2001 to 10 December 2009, in accordance with the terms of the aforesaid share option scheme.

**(ii) Interests of Shareholders discloseable pursuant to the SFO**

As at the Latest Practicable Date, so far as is known to the Directors, the following parties have an interest or short position in the shares of the Company and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

- (a) First Pacific Investments Limited (FPIL-Liberia), which was incorporated in the Republic of Liberia, beneficially owned 790,229,364 ordinary shares as at the Latest Practicable Date, representing approximately 24.80 per cent. of the Company's issued share capital at that date. FPIL-Liberia is owned by the Chairman (Anthoni Salim), three Non-executive Directors (Sutanto Djuhar, Tedy Djuhar and Ibrahim Risjad), the former Chairman (Soedono Salim) and a former Non-executive Director of the Company (Sudwikatmono), in the proportions specified in the table on page 13 and in note (i) to the table. Each of these persons is taken to be interested in the shares owned by FPIL-Liberia.

- (b) First Pacific Investments (BVI) Limited (FPIL-BVI), which was incorporated in the British Virgin Islands, beneficially owned 628,296,599 ordinary shares as at the Latest Practicable Date, representing approximately 19.72 per cent. of the Company's issued share capital at that date. Anthoni Salim, the Chairman of the Company, and Soedono Salim, the former Chairman of the Company, each beneficially owns one-third or more of the issued share capital of FPIL-BVI and, accordingly, each of them is taken to be interested in the shares owned by FPIL-BVI.
- (c) Brandes Investment Partners, LLC (Brandes), a U.S. company, notified the Company that it held 193,171,965 ordinary shares of the Company in August 2004, representing approximately 6.06 per cent. of the Company's issued share capital. As at the Latest Practicable Date, the Company has not received any other notification from Brandes of any change to such holding.
- (d) Marathon Asset Management Limited (Marathon), which was incorporated in the United Kingdom, held 191,623,300 ordinary shares of the Company in April 2004, representing approximately 6.01 per cent. of the Company's issued share capital. As at the Latest Practicable Date, the Company has not received any other notification from Marathon of any change to such holding.
- (e) State Street Corporation (State Street), a U.S. company, notified the Company that it held 161,020,157 ordinary shares of the Company in January 2005, representing approximately 5.05 per cent. of the Company's issued share capital. As at the Latest Practicable Date, the Company has not received any other notification from State Street of any change to such holding.

### 3. SERVICE CONTRACTS

Mr. Tortorici has a service contract with the Company expiring on 31 December 2007.

Other than as described above, no Director has an unexpired contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

### 4. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Group.

**5. COMPETING INTERESTS**

None of the Directors or their respective associates have a controlling interest in a business which competes either directly or indirectly with the business of the Company.

**6. MISCELLANEOUS**

- (i) The company secretary of the Company is Nancy L.M. Li, BA, FCS, FCIS.
- (ii) The qualified accountant of the Company is Paul F. Wallace, BSc (Mathematics), member of the Canadian Institute of Chartered Accountants.
- (iii) The registered office of the Company is at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda. The head office and principal place of business of the Company is at 24th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong.
- (iv) The principal share registrar and transfer office is Butterfield Fund Services (Bermuda) Limited, Rosebank Centre, 11 Bermudiana Road, Pembroke, HM08, Bermuda.
- (v) The share registrar and transfer office (Hong Kong Branch) is Computershare Hong Kong Investor Services Limited at 46th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (vi) The English text of this circular shall prevail over the Chinese text in case of any inconsistency.