

FIRST PACIFIC COMPANY LIMITED
PRESS RELEASE

Wednesday, 12 January 2005

**FIRST PACIFIC LAUNCHES FIVE YEAR US\$199 MILLION
EXCHANGEABLE NOTES ISSUE**

First Pacific Company Limited (“First Pacific”; HKSE stock code 142) today announced the launch of a US\$199 million five (5) year Zero Coupon Exchangeable Notes (the “Notes”) through its wholly-owned subsidiary, First Pacific Finance Limited (“FPF”). The Notes are unsecured obligations of FPF and are guaranteed by First Pacific.

The five year Notes will have zero coupon and a yield to maturity of 5.625 per cent per annum. Investors have the option to put the Notes to FPF at 118.11 per cent of par value on the third anniversary of the Notes. However, FPF can buy back the Notes for cash starting from the fourth year if the value of the common shares of Philippine Long Distance Telephone Company (“PLDT”) exchangeable into the Notes trade at a price higher than 30 per cent of the principal and accreted redemption premium of the Notes.

The Notes will carry a conversion premium of 21 per cent on the day of launch, which translates into a conversion price of Pesos 1,645.6 per common share of PLDT. On maturity, the conversion price would accrete to Pesos 2,171.7 per common share of PLDT. In the event conversion in full happens, the Notes will exchange into approximately 6.8 million common shares of PLDT, representing approximately 4 per cent of its total outstanding common shares. Under the terms of the Notes, First Pacific has the option to settle in cash the Exchange Rights of the Note holders.

The net proceeds are estimated to be approximately US\$194 million and will be used by First Pacific 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).

M. V. Pangilinan, Managing Director and Chief Executive Officer of First Pacific, commented that “These Exchangeable Notes enable First Pacific to optimize the value of one of its core assets, i.e. its shareholding in PLDT, to raise financing on attractive terms. The Notes represent an efficient form of financing for us, with the aggregate value of the Notes in excess of the market value of the underlying PLDT common shares. Also, the Notes represent unsecured obligations at interest rates that are comparatively lower than our historic cost of borrowing. On the whole, this financing exercise will strengthen our financial position and supply us with the resources to grow our investments, as well as capture potential expansion opportunities available in the region.”

Mr. Pangilinan added: “Let me emphasize that First Pacific has no plans whatsoever of disposing or relinquishing our substantial interest in PLDT. There are cash settlement options under the Notes which we can use to satisfy the exchange rights, thereby enabling us to maintain our current investment level in PLDT. This is simply a financing exercise and it is fully our intention to maintain our present level of investment in PLDT.”

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