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FIRST PACIFIC COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00142)

ANNOUNCEMENT

DISCLOSEABLE TRANSACTION

The Group has, through a series of transactions, acquired an aggregate of 2,425,137 Shares in PLDT, representing approximately 1.3% of the total issued shares of common stock of PLDT for a total consideration of US\$74.1 million (equivalent to approximately HK\$578.0 million).

The acquisition of those Shares in PLDT, when aggregated pursuant to Rule 14.22 of the Listing Rules, constitutes a discloseable transaction for the Company under the Listing Rules.

The acquisitions have been made principally to minimize the dilutive impact on the Group's strategic investment in PLDT upon the conversion of outstanding PLDT convertible preferred shares and share options into new shares of common stock and ADSs. Prior to the acquisition of the Purchased Shares, the Group held an attributable economic interest in an aggregate of 41,229,800 Shares of PLDT, at the time representing approximately 24.2% of the issued shares of common stock of PLDT. Following the acquisition of the Purchased Shares, the Group has an attributable economic interest in 43,654,937 Shares, representing approximately 24.1% of the issued shares of common stock of PLDT, after taking into consideration the actual conversion of certain PLDT convertible preferred shares and share options into new shares of common stock and ADSs as at 17th January 2006 during the period when the Purchased Shares were acquired by the Group.

ACQUISITIONS OF SHARES IN PLDT

Between 2nd June 2005 and 17th January 2006, the Company, through two of its wholly-owned subsidiaries namely Semilion Enterprises Inc and Larouge B.V., acquired an aggregate of 2,425,137 Shares in PLDT by way of a series of on-market transactions conducted on the Philippine Stock Exchange and the New York Stock Exchange with sellers who, as far as the Board is aware, are not connected persons of the Company for the purposes of the Listing Rules.

An aggregate of 2,388,466 Shares were acquired by Semilion Enterprises Inc either in the form of shares of common stock or ADSs during the period from 2nd June 2005 to 17th January 2006, for an aggregate consideration of US\$72.8 million (equivalent to approximately HK\$567.8 million). The acquisition price per Share ranged from a low of US\$27.3 (equivalent to approximately HK\$212.9) to a high of US\$35.4 (equivalent to approximately HK\$276.1).

Larouge B.V. acquired an aggregate of 36,671 Shares in the form of shares of common stock during the period which commenced on 29th December 2005 and ended on 3rd January 2006, for an aggregate consideration of Php 66.9 million (equivalent to approximately US\$1.3 million or HK\$9.8 million) and at an acquisition price per Share ranging from a low of Php 1,810 (equivalent to approximately US\$34.2 or HK\$266.4) to a high of Php 1,835 (equivalent to approximately US\$34.6 or HK\$270.1).

CONSIDERATION

The total consideration including expenses for the acquisition of the Purchased Shares amounts to approximately US\$74.1 million (equivalent to approximately HK\$578.0 million). The acquisition price for each of the Purchased Shares, which has been determined on an arms length basis by reference to the market price on the relevant stock exchanges, ranged from approximately US\$27.3 (equivalent to approximately HK\$212.9) to approximately US\$35.4 (equivalent to approximately HK\$276.1). The series of acquisitions of the Purchased Shares, when aggregated, constitute a discloseable transaction for the Company, pursuant to Rule 14.22 of the Listing Rules, on the basis that the aggregate value of the Shares acquired represents more than 5% of the market capitalization of the Company in the five business days immediately preceding the last acquisition.

The unaudited consolidated net profit of PLDT for the period ended 30th September 2005 was approximately Php 25.0 billion after tax and minority interests (equivalent to approximately US\$471.7 million or HK\$3,679.2 million) and Php 33.1 billion before tax and minority interests (equivalent to approximately US\$624.5 million or HK\$4,871.3 million). The audited consolidated net profit of PLDT for the year ended 31st December 2004 was approximately Php 28.0 billion after tax and minority interests (equivalent to approximately US\$528.3 million or HK\$4,120.8 million) and Php 32.9 billion before tax and minority interests (equivalent to approximately US\$620.8 million or HK\$4,841.9 million) and the audited consolidated net profit of PLDT for the year ended 31st December 2003 was approximately Php 2.1 billion after tax and minority interests (equivalent to approximately US\$39.6 million or HK\$309.1 million) and Php 1.7 billion before tax and minority interests (equivalent to approximately US\$32.1 million or HK\$250.2 million), respectively. The unaudited consolidated net assets of PLDT as at 30th September 2005 were approximately Php 67.4 billion (equivalent to approximately US\$1,271.7 million or HK\$9,919.2 million). The audited consolidated net assets of PLDT as at 31st December 2004 and 31st December 2003 was approximately Php 47.7 billion (equivalent to approximately US\$900.0 million or HK\$7,020.0 million) and Php 20.7 billion (equivalent to approximately US\$390.6 million or HK\$3,046.4 million), respectively.

REASONS FOR THE ACQUISITIONS

The acquisitions have been made principally to minimize the dilutive impact on the Group's strategic investment in PLDT upon the conversion of outstanding PLDT convertible preferred shares by the holders of such shares comprising of a wide range of investors and share options by certain management executives of PLDT into new shares of common stock and ADSs. Prior to the acquisitions of the Purchased Shares, the Group held an attributable economic interest in an aggregate of 41,229,800 Shares of PLDT, at the time representing approximately 24.2% of the issued shares of common stock of PLDT. Following the acquisition of the Purchased Shares, the Group has an attributable economic interest in 43,654,937 Shares, representing approximately 24.1% of the issued shares of common stock of PLDT, after taking into consideration the actual conversion of certain PLDT convertible preferred shares and share options into new shares of common stock and ADSs as at 17th January 2006 during the period when the Purchased Shares were acquired by the Group.

Larouge B.V.'s on-market acquisition of 36,671 shares of common stock of PLDT have been made pursuant to the terms and conditions of the First Pacific Finance Limited's US\$199,000,000 Zero Coupon Guaranteed Exchangeable Notes due 2010 (the "Notes"), details of which are set out in the announcement made by the Company on 12th January 2005 (the "Announcement"), and such shares of common stock have been added to the Exchange Property (as defined in the Announcement) that is available to holders of the Notes upon exercising their Exchange Rights (as defined in the Announcement) under the Notes.

The Board believes that the terms of the acquisition of the Purchased Shares are fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE COMPANY AND PLDT

The Company is a Hong Kong based investment and management company with operations located in Southeast Asia. The Company's principal business interests relate to telecommunications and consumer food products.

PLDT is the leading telecommunications service provider in the Philippines. It is based in Manila, and has shares of common stock listed on the Philippine Stock Exchange and ADRs listed on the New York Stock Exchange and on the Archipelago Exchange. Through its three principal business groups, PLDT offers a wide range of telecommunications services, including wireless, fixed line and information and communications technology. PLDT has developed the Philippines' most extensive fiber optic backbone, cellular, fixed line and satellite networks.

POSSIBLE FURTHER ACQUISITIONS

As at the date of this Announcement, the Board is considering the acquisition of additional Shares in PLDT by the Group by way of further on-market transactions, on such terms and conditions as may be determined by the Board from time to time. The Board does not anticipate that the acquisition of those additional Shares, when aggregated with the Purchased Shares, would result in any of the applicable percentage ratios under the Listing Rules exceeding 25%. Accordingly, the transaction in aggregate, including the acquisition of those additional Shares, will remain a discloseable transaction under the Listing Rules.

IMPLICATIONS UNDER THE LISTING RULES

The acquisition of the Purchased Shares, together with any acquisitions of additional Shares in PLDT as contemplated above, constitute a discloseable transaction under the Listing Rules for the Company and a circular containing further details of the transactions and the other information required by the Listing Rules will be dispatched to shareholders in accordance with the requirements of the Listing Rules.

DEFINITIONS

“ADSs”	American depositary shares of PLDT, evidenced by American depositary receipts (“ADRs”), each ADS represents 1 share of common stock of PLDT;
“Board”	the board of directors of the Company;
“Company”	First Pacific Company Limited, a company incorporated in Bermuda with limited liability, whose shares are listed on the Stock Exchange;

“Group”	the Company and/or its subsidiaries from time to time;
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region, The People’s Republic of China;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Php”	Philippine Peso, the lawful currency of the Republic of the Philippines;
“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 and the ADRs of which are listed on the New York Stock Exchange and on the Archipelago Exchange (currently an associated company of the Company);
“Purchased Shares”	an aggregate of 2,425,137 Shares acquired by the Company during the period which commenced on 2nd June 2005 and ended on 17th January 2006 as referred to in this Announcement;
“Shares”	shares of common stock of Php 5.00 each in the capital of PLDT;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“US\$”	United State dollars, the lawful currency of the United States of America.

In this announcement, translations of quoted currency values are made on an approximate basis and at the rate of US\$1.00 = HK\$7.80 = Php. 53.00. Percentages and figures expressed in billions and millions have been rounded.

By Order of the Board
First Pacific Company Limited
Nancy L.M. Li
Company Secretary

Hong Kong, 18th January 2006

As at the date of this announcement, the Board comprises the following Directors:

Anthoni Salim, *Chairman*
Manuel V. Pangilinan,
Managing Director and CEO
Edward A. Tortorici
Robert C. Nicholson
His Excellency Albert F. del Rosario
Edward K.Y. Chen*, *GBS, CBE, JP*

Tedy Djuhar
Sutanto Djuhar
Ibrahim Risjad
Benny S. Santoso
Graham L. Pickles*
David W.C. Tang*, *OBE,*
Chevalier de L'Ordre des
Arts et des Lettres

* *Independent Non-executive Directors*

“Please also refer to the published version of this announcement in South China Morning Post.”