Friday, 4 May 2001

FIRST PACIFIC'S RESPONSE TO ITS REMOVAL FROM THE HANG SENG INDEX

Commenting on First Pacific Company Limited's removal from the Hang Seng Index (HSI), Manuel V. Pangilinan, the Company's Executive Chairman, said:

"We recognise that HSI Services Limited needs to rotate stocks to ensure that the HSI remains a barometer for Hong Kong's equity market. Therefore, today's decision, while unfortunate, is perhaps inevitable as the bulk of our assets are currently deployed outside of Hong Kong.

"Nevertheless, First Pacific remains very much committed to Hong Kong – where First Pacific was founded 20 years ago – and we are proud to have been a constituent stock of the HSI since 1996. We value Hong Kong as the leading international city in Asia and, as such, it remains the best place from which to run our significant portfolio of Asia-wide assets.

"Whilst there is currently reduced investor confidence in the political and economic outlook for those countries in which we have increased our activities, these investments are key to First Pacific's future growth. Indeed, even in these difficult times, Indofood has generated sufficient cash to repay some US$300 million of bank loans in 2000, and PLDT has positioned Smart as the leading cellular operator in the Philippines, having added more than 2.1 million GSM subscribers in 2000 alone. As such, we are strongly of the view that our current share price is a reflection of negative macro factors, and overlooks the fundamental strengths of our businesses and their enormous capacity for future growth and profitability.

"Looking ahead, First Pacific will continue to work on positioning itself, and its investments, for the future. I believe that as Asia recovers, and confidence is restored, First Pacific will reap the benefits and will again be considered a key Hong Kong stock eligible for HSI status."

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