

**22nd June 1999**

**FIRST PACIFIC TO BUY 40% STAKE IN INDOFOOD FOR US\$650 MILLION, REPRESENTING A 42% DISCOUNT TO CURRENT MARKET VALUE**

First Pacific announced today that it has agreed to acquire 40 per cent of PT Indofood Sukses Makmur Tbk, Indonesia's premier processed-foods company, from the Salim family and several associated investors for US\$650 million, representing a 42 per cent discount to the shares' current market value of US\$1,122 million.

The agreement follows First Pacific's announcement on 27th April that its proposal of last December - to purchase 30 per cent of Indofood, alongside Japan's Nissin Food Products Co.'s acquisition of 30 per cent - would not proceed in that form.

First Pacific now plans to acquire Indofood shares on its own in two simultaneous transactions that will provide it with clear control over the Company. The acquisition will immediately enhance First Pacific's net asset value and earnings per share, and provide substantial long-term growth potential through one of the region's most promising companies.

The first transaction involves purchasing 30 per cent of Indofood on similar terms to those agreed under the previous arrangement with Nissin Food. First Pacific would acquire 549 million Indofood shares at a price of IDR5,000 each, compared with Monday's close of IDR11,100. As before, First Pacific would pay for the shares with US\$150 million in cash and 261 million newly issued First Pacific shares, which will be issued at a value of HK\$6.79 each, equivalent to their average closing price over the previous 10 trading days. At this share price, the first transaction is valued at US\$379 million.

The second transaction, valued at US\$271 million, involves the purchase of a further 10 per cent of Indofood, or 183 million shares at IDR10,730 each. This relatively higher price - which still represents a three per cent discount to the shares' previous closing price - is being paid to ensure that First Pacific has clear control of the Company.

First Pacific's average cost for acquiring its 732 million Indofood shares, representing 40 per cent of the Company, is IDR6,432. The effect of acquiring these shares is to raise the Group's net asset value to US\$2.8 billion from US\$2.1 billion - or to HK\$7.65 per share from HK\$6.80 per share.

First Pacific will fund the transactions through the placement of 254 million new First Pacific shares worth US\$200 million to third-party institutional investors; the combination of existing resources and bank borrowings; and by issuing to the Salim family and their associated investors 261 million new shares worth US\$229 million, and a US\$50 million seven-year convertible note which pays 2 per cent interest annually and can be converted into First Pacific shares at a price of HK\$8.40 per share. The share placement was underwritten by ING Barings following the market's close, at a price of HK\$6.23 per share, representing a 23 per cent discount to First Pacific's enlarged net asset value and a six per cent discount to its previous closing share price.

The 561 million new First Pacific shares to be issued to help fund the transaction would represent a 19 per cent increase of the Group's enlarged share capital. Following this move, the Salim family's and its associated investors' overall holdings in First Pacific will remain at approximately 53 per cent. The Salim family and its associated investors have no present intention of disposing of any of their First Pacific holding and, they have given an undertaking to ING Barings that they will not sell any of their First Pacific shares for a minimum of three months.

As the Salim family and its associated investors are substantial shareholders in First Pacific and four members of the group are also directors of First Pacific, the proposed acquisition requires approval by First Pacific's minority shareholders voting at a special general meeting (SGM), which is expected to be held by mid-August. A committee comprising First Pacific's independent directors has been formed to consider the transaction and to make an appropriate recommendation to the minority shareholders, assisted by Standard Chartered Asia Limited acting as its independent financial advisor.

First Pacific's December proposal to acquire 30 per cent of Indofood was approved at an SGM in February by more than 99.9 per cent of those minority shareholders who cast votes.

First Pacific's Managing Director, Thomas Yasuda, said: "Our original plan called for First Pacific acquiring 30 per cent of Indofood in parallel with Nissin Food, with whom we would have shared control of the Company. Although it is unfortunate that this proposal could not proceed, we strongly believe that today's transaction is a superior one for our shareholders.

"First, we are acquiring Indofood shares at 42 per cent discount to their market price, rather than the three per cent discount contained in the original transaction. Second, today's transaction gives us undisputed, rather than shared, control over Indofood - in

effect, we are paying US\$650 million to control a company that has a current market value of US\$2.8 billion. And third, conditions in Indonesia are markedly more positive than they were back in December.

"Moreover, Indofood's recent performance has been impressive by any measure. Its sales of instant noodles are back to pre-Crisis levels, at 155 million packets a week. Its first quarter earnings of IDR153 billion exceeded earnings for all of 1998. And it is moving forward with plans to divide its Bogasari flour-milling operation into four separate legal entities to facilitate the entry of new investors. Furthermore, its strategy of providing branded, staple foods to Indonesia's rapidly growing population gives it substantial room for growth.

"Over the past 18 months, we have worked closely with Indofood and, in getting to know its operations, have established good chemistry with their top executive team who are performing admirably under arduous conditions. We believe that First Pacific's strong financial disciplines, its extensive transactional experience, and its ability to help Indofood expand its exports through the region will benefit the Company and its shareholders," he concluded.

First Pacific will appoint four of the six members of Indofood's Board of Commissioners. It is expected that these positions will be filled by senior members of First Pacific's management team. In addition, the Group will have the right to appoint five members to Indofood's ten-member Board of Directors, comprising four existing managers and one First Pacific executive.

Mr. Yasuda added that while the original transaction could not proceed because of difficulties encountered in receiving third-party consents, First Pacific does not believe these to be an obstacle to its ability to complete the transaction. Full details of this matter will be presented in a circular to shareholders prior to the SGM, which is expected to be held by August.

Following the completion of the transaction, First Pacific's assets will be based 50 per cent in the Philippines, 37 per cent in Indonesia, 6 per cent in Thailand and 7 per cent in Hong Kong/China and others. Prior to the transaction, the Group's assets were based 75 per cent in the Philippines, 5 per cent in Indonesia, 9 per cent in Thailand and 11 per cent in Hong Kong/China and others.

ING Barings is acting as financial advisor to First Pacific in connection with this transaction and will not be responsible to anyone other than First Pacific for providing the protections afforded to customers of ING Barings or for giving advice in relation to the transaction.