



FIRST PACIFIC COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

GROUP CORPORATE COMMUNICATIONS

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Wednesday, 31 January 2007

**PROPOSAL TO ACQUIRE ADDITIONAL INTEREST IN
PHILIPPINE LONG DISTANCE TELEPHONE COMPANY**

POSSIBLE MAJOR AND CONNECTED TRANSACTION

First Pacific's announcement on the above subject is attached.

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For further information, please contact:

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Stock code: 00142

PROPOSAL TO ACQUIRE ADDITIONAL INTEREST IN PHILIPPINE LONG DISTANCE TELEPHONE COMPANY

POSSIBLE MAJOR AND CONNECTED TRANSACTION

First Pacific refers to a number of reports in the media relating to PTIC.

First Pacific announced on 15 December 2006 that it proposed to acquire half of a 46% shareholding in PTIC from the Philippine Government, by exercising a right to match in the context of a public auction by the Philippine Government of that 46% shareholding. PTIC is a single purpose holding company, holding shares representing approximately 13.8% of PLDT's issued common share capital.

First Pacific confirms that it still intends to exercise the right to match but would now want to have the flexibility to exercise the right to match up to the full extent of the 46% stake in PTIC offered under the auction through the exercise of PTIC's right to match under its articles of incorporation. However, the exercise of the right to match to that extent would constitute a major transaction for First Pacific under the Listing Rules and, accordingly, requires the prior approval of a resolution of First Pacific's shareholders before it can proceed. The exercise of the right to match is also being classified as a connected transaction under the Listing Rules. First Pacific will despatch a shareholders circular and convene a special general meeting of its shareholders as soon as practicable, at which a resolution will be proposed to give the Group the flexibility to exercise the right to match up to the full amount of the 46% of PTIC offered under the auction and available for purchase under the right to match.

All shareholders of First Pacific will be permitted to vote at the special general meeting to be convened. First Pacific Investments Limited and First Pacific Investments (B.V.I.) Limited, which together own approximately 44.26% of First Pacific's issued share capital, have confirmed their intention to vote in favour of the resolution(s) to be proposed at the special general meeting.

At the request of First Pacific, trading in its shares was suspended with effect from 9:30 a.m. on 31 January 2007, pending the release of this announcement. Application has been made for the resumption of trading in First Pacific's shares with effect from 9:30 a.m. on 1 February 2007.

First Pacific refers to a number of reports in the media relating to PTIC.

First Pacific Company Limited ("**First Pacific**") announced on 15 December 2006 that it proposed to acquire half of a 46% shareholding in Philippine Telecommunications Investment Corporation ("**PTIC**") from the Philippine Government, by exercising a right to match in the context of a public auction by the Philippine Government of that 46% shareholding. PTIC is a single purpose holding company, holding PLDT shares representing approximately 13.8% of PLDT's issued common share capital.

The remaining 54% of PTIC not owned by the Philippine Government is owned by subsidiaries of First Pacific (First Pacific and its subsidiaries being referred to herein, collectively, as the "**Group**"). Under the articles of incorporation of PTIC, the Group has the benefit of a "right to match" in the case of a transfer of shares of PTIC. The right to match, therefore, gives the Group and PTIC the right to purchase the 46% shareholding in PTIC proposed to be sold under the public auction by the Philippine Government, at a price equal to the highest bid received in the auction. The highest bid received under the auction was an amount of Pesos 226,338.9669 (US\$4,582.69) per share of PTIC, which is equivalent to approximately Pesos 2,100 (US\$42.52) per share of PLDT held by PTIC.

First Pacific confirms that it still intends to exercise the right to match but would now want to have the flexibility to exercise the right to match up to the full extent of the 46% stake in PTIC offered under the auction through the exercise of PTIC's right to match under its articles of incorporation. However, the exercise of the right to match to that extent would constitute a major transaction for First Pacific under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**the Listing Rules**") and, accordingly, requires the prior approval of a resolution of First Pacific's shareholders before it can proceed to exercise the right to match. First Pacific will despatch a shareholders circular and convene a special general meeting of its shareholders as soon as practicable, at which a resolution will be proposed to give the Group the flexibility to exercise the right to match up to the full amount of the 46% of PTIC offered under the auction and available for purchase under the right to match. The total consideration payable on the exercise of the right to match to the full extent of the 46% of PTIC available for purchase would be approximately Pesos 25,217,556,000 (US\$510,580,198) and would be satisfied from a combination of internal resources and third party financing. It is anticipated that the right to match will be exercised by no later than 2 March 2007.

All shareholders of First Pacific will be permitted to vote at the special general meeting to be convened. First Pacific Investments Limited and First Pacific Investments (B.V.I.) Limited, which together own approximately 44.26% of First Pacific's issued share capital, have confirmed their intention to vote in favour of the resolution to be proposed at the special general meeting.

First Pacific's 15 December 2006 announcement stated that First Pacific had reached agreement in principle with NTT DoCoMo for NTT DoCoMo to acquire half of the indirect interest in PLDT offered under the auction and for First Pacific to acquire the other half. It has not, to date, been possible to reach final agreement with NTT DoCoMo in this regard and, accordingly, the Group now wishes to have the flexibility to exercise the right to match in respect of the entire 46% interest in PTIC available under the auction.

The exercise of the right to match is being classified as a connected transaction under the Listing Rules. First Pacific's board had wished to initially complete the exercise of the right to match in

respect of 23% of PTIC today, as a discloseable transaction under the Listing Rules, and to acquire the remaining 23% of PTIC available for purchase following shareholders approval for the resulting major transaction having been obtained; but a waiver requested from The Stock Exchange of Hong Kong Limited in order to facilitate this was ultimately not forthcoming.

First Pacific considers that the right to match represents an attractive opportunity to increase its economic interest in PLDT, which is one of the Group's principal assets. The directors (including the independent non-executive directors) consider that the terms on which the right to match can be exercised are fair and reasonable and in the interests of First Pacific' shareholders as a whole.

First Pacific is a Hong Kong based investment and management company with operations in South East Asia. First Pacific's principal business interests relate to telecommunications and consumer food products. PLDT, in which First Pacific currently holds an attributable economic interest in shares representing approximately 24% of the issued common share capital of PLDT, is the leading telecommunications services provider in the Philippines.

Further announcement(s) will be made at around the time of the despatch of the shareholders circular convening the special general meeting of shareholders of First Pacific referred to above and on the exercise of the right to match.

At the request of First Pacific, trading in its shares was suspended with effect from 9:30 a.m. on 31 January 2007, pending the release of this announcement. Application has been made for the resumption of trading in First Pacific's shares with effect from 9:30 a.m. on 1 February 2007.

Unless stated otherwise, translations of quoted currency values are made on an approximate basis and at the rate of US\$1.00 = Pesos 49.39. Percentages have been rounded.

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

Hong Kong, 31 January, 2007

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

Anthoni Salim, *Chairman*
Manuel V. Pangilinan, *Managing Director and CEO*
Edward A. Tortorici
Robert C. Nicholson
Ambassador Albert F. del Rosario
Professor 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*