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## FIRST PACIFIC COMPANY LIMITED

*(Incorporated in Bermuda with limited liability)*

Website: <http://www.firstpacco.com>

(Stock Code: 00142)

### ANNOUNCEMENT

**MATERIAL DILUTION OF INTEREST IN A MAJOR SUBSIDIARY  
RESULTING FROM THE PROPOSED SEPARATE LISTING  
OF A SUBSIDIARY OF PT INDOFOOD SUKSES MAKMUR TBK  
ON THE MAINBOARD OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED BY  
MEANS OF REVERSE TAKEOVER OF,  
AND PLACEMENT OF SHARES IN, CITYAXIS HOLDINGS LIMITED  
(FORMERLY KNOWN AS ISG ASIA LIMITED)**

**DISCLOSEABLE TRANSACTION  
DISTRIBUTION IN SPECIE  
DESPATCH OF CIRCULAR**

Reference is made to the Company's announcement dated 24 August 2006. That announcement announced that Indofood, a 51.5% owned subsidiary of the Company, had entered into a conditional sale and purchase agreement with CityAxis (formerly known as ISG Asia Limited) relating to the proposed separate listing of Indofood's EOF Business on the SGX-ST Mainboard. The transaction contemplated that the proposed separate listing would be achieved by the reverse takeover of CityAxis, which is currently listed on the Singapore Exchange Securities Trading Limited Dealing and Automated Quotation System, and the subsequent transfer of the listing of CityAxis to the SGX-ST Mainboard.

The Company's announcement dated 24 August 2006 stated that the provisions of Practice Note 15 of the Listing Rules would apply to the proposed separate listing of the EOF Business and that the transactions contemplated by the Injection Agreement may also constitute possible notifiable transactions under Chapter 14 of the Listing Rules and may require shareholders' approval. The Company's 24 August 2006 announcement also stated that an application in compliance with Practice Note 15 of the Listing Rules would be submitted by the Company to the Stock Exchange and a further announcement in respect of such application, despatch of a circular in respect thereof to Shareholders and the requirements (if any) for approval of Shareholders would be published in compliance with Practice Note 15 of the Listing Rules and any other applicable provisions of the Listing Rules.

The Company is pleased to announce that the Listing Committee of the Stock Exchange has now approved the proposed separate listing of the EOF Business. Further details of the transactions relating to the proposed separate listing of the EOF Business, being principally the Injection and the Placement, are summarised below in this announcement.

The Injection and the Placement described below in this announcement will result in a material dilution of a major subsidiary of the Company for the purposes of the Listing Rules. Accordingly, the approval of Shareholders will be required in respect of the Injection and the Placement in accordance with PN15. Moreover, one or more percentage ratios in respect of the disposal of the Company's interest in the EOF Business resulting from the Injection and the Placement exceeds 5% and, accordingly, the Injection and the Placement constitute a discloseable transaction for the Company for the purposes of Chapter 14 of the Listing Rules.

A Circular setting out further information in relation to the Injection and the Placement and containing, among other things, the letters of advice from the Independent Board Committee and the Independent Financial Adviser and a notice convening a special general meeting of Shareholders to consider and, if thought fit, approve a resolution approving the Injection and the Placement will be despatched to Shareholders on 22 December 2006. The Circular also contains details of a proposed Distribution in Specie of up to 6,525,000 CityAxis Consolidated Shares to be made to the Shareholders in order to satisfy the requirement of PN15 to provide Shareholders with an Assured Entitlement to participate in the separate listing. However, Shareholders should note that the Distribution in Specie is conditional upon completion of the Injection and the Placement described below in this announcement, which is itself conditional upon the satisfaction of a number of conditions precedent and, in the case of the Placement, to market conditions. If the Injection and the Placement are not completed, the proposed Distribution in Specie will not be made.

The special general meeting of Shareholders is convened to be held at 10:30 a.m. on Monday, 8 January 2007.

#### INTRODUCTION

Reference is made to the Company's announcement dated 24 August 2006. That announcement announced that Indofood, a 51.5% owned subsidiary of the Company, had entered into a conditional sale and purchase agreement with CityAxis (formerly known as ISG Asia Limited) relating to the proposed separate listing of Indofood's edible oils and fats business on the SGX-ST Mainboard. The transaction contemplated that the proposed separate listing would be achieved by the reverse takeover of CityAxis, which is currently listed on the Singapore Exchange Securities Trading Limited Dealing and Automated Quotation System, and the subsequent transfer of the listing of CityAxis to the SGX-ST Mainboard.

The Company's announcement dated 24 August 2006 stated that the provisions of Practice Note 15 of the Listing Rules would apply to the proposed separate listing of the EOF Business and that the transactions contemplated by the Injection Agreement may also constitute possible notifiable transactions under Chapter 14 of the Listing Rules and may require shareholders' approval. The Company's 24 August 2006 announcement also stated that an application in compliance with Practice Note 15 of the Listing Rules would be submitted by the Company to the Stock Exchange and a further announcement in respect of such application, despatch of a circular in respect thereof to Shareholders and the requirements (if any) for approval of Shareholders would be published in compliance with Practice Note 15 of the Listing Rules and any other applicable provisions of the Listing Rules.

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The Injection and the Placement described below in this announcement will result in a material dilution of a major subsidiary of the Company for the purposes of the Listing Rules. Accordingly, the approval of Shareholders will be required in respect of the Injection and the Placement in accordance with PN15. Moreover, one or more percentage ratios in respect of the disposal of the Company's interest in the EOF Business resulting from the Injection and the Placement exceeds 5% and, accordingly, the Injection and the Placement constitute a discloseable transaction for the Company for the purposes of Chapter 14 of the Listing Rules.

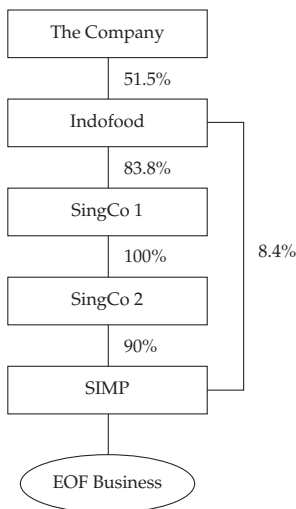
In accordance with the requirements of PN15, the Independent Board Committee comprising the Company's Independent Non-Executive Directors has been established to advise the Shareholders whether the Injection and the Placement are fair and reasonable so far as the Shareholders are concerned and whether they are in the interests of the Company and the Shareholders as a whole. Somerley Limited have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Shareholders as to whether the terms of the Injection and the Placement are fair and reasonable so far as the Shareholders are concerned and whether they are in the interests of the Company and the Shareholders as a whole.

A Circular setting out further information in relation to the Injection and the Placement and containing, among other things, the letters of advice from the Independent Board Committee and the Independent Financial Adviser and a notice convening a special general meeting of Shareholders to consider and, if thought fit, approve a resolution approving the Injection and the Placement will be despatched to Shareholders on 22 December 2006. Both the Independent Board Committee and the Independent Financial Adviser have advised that, taking into account the matters specified in the Circular, the Injection and the Placement are fair and reasonable so far as the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole and the letter from the Independent Board Committee contains a recommendation to the Shareholders to vote in favour of the resolution to be proposed in relation to the Injection and the Placement at the SGM. The special general meeting of Shareholders is convened to be held at 10:30 a.m. on Monday, 8 January 2007.

**SIMP AND THE EOF BUSINESS**

Indofood holds approximately 83.8% of SIMP. The EOF Business is conducted by SIMP and its subsidiaries.

The simplified shareholding structure of the relevant entities immediately prior to completion of the Injection will be as follows:



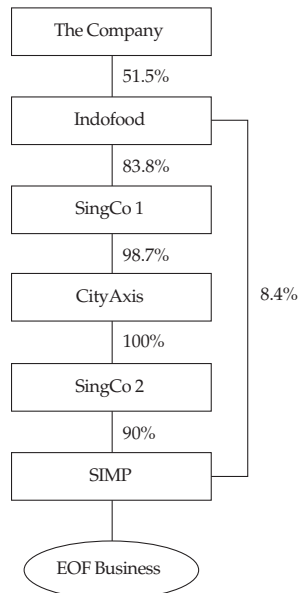
**PROPOSED INJECTION AND PLACEMENT**

**The Injection**

As referred to in the Company's announcement dated 24 August 2006, Indofood entered into the Injection Agreement with CityAxis on 23 August 2006. Under the Injection Agreement, Indofood's 90% indirect shareholding interest in SIMP and the EOF Business is proposed to be injected into CityAxis for a consideration of S\$392,691,880 to be satisfied by the issue to SingCo 1 (or to such persons as it or Indofood may direct) of the Injection Consideration Shares at an issue price of S\$0.03934 for each Injection Consideration Share. To the best of the Directors' knowledge, information and belief, the counterparties to the Injection Agreement, being CityAxis, Yeunh Oi Siong, Alex, and Kumpulan CityAxis Sdn. Bhd. (the latter two both being major shareholders of CityAxis prior to the proposed Injection and Placement), and the ultimate beneficial owners of those counterparties are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company. Under the Injection Agreement, the injection of the 90% interest in SIMP and the EOF Business into CityAxis and the issue of the Injection Consideration Shares are inter conditional and the 90% interest in SIMP and the EOF Business will not be transferred to CityAxis unless the Injection Consideration Shares are issued at the same time. The consideration of S\$392,691,880 was determined after arms length negotiations, on a willing buyer and willing seller basis, taking into account, *inter alia*, the net asset value, earnings and businesses of the EOF Business.

It is a condition precedent to completion of the Injection that the disposal of the entire existing businesses of CityAxis and its subsidiaries shall have been completed and that CityAxis shall have made a distribution of cash by way of capital reduction and/or dividends so that immediately prior to completion of the Injection the net tangible assets of CityAxis will have been reduced to not less than S\$5,000,000. Accordingly, immediately prior to completion of the Injection CityAxis will essentially have become a listed shell.

Immediately on completion of the Injection, CityAxis will become an indirect subsidiary of Indofood, with Indofood controlling approximately 98.7% of CityAxis's then enlarged total number of issued shares. The existing public shareholders of CityAxis will have their interests diluted to approximately 1.3%. The simplified shareholding structure of the relevant entities immediately on completion of the Injection will be as follows:



As SingCo 1 will hold approximately 98.7% of the enlarged total number of issued CityAxis Shares immediately upon completion of the Injection, a change in control of CityAxis will arise as a result. Pursuant to the relevant rules of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST Listing Manual"), the Injection constitutes a "Very Substantial Acquisition" or "Reverse Takeover Transaction" as defined in Chapter 10 of the SGX-ST Listing Manual. Accordingly, the Injection is subject to the approval of CityAxis Shareholders and the SGX-ST pursuant to the SGX-ST Listing Manual. The issue of the Injection Consideration Shares pursuant to the Injection will also require CityAxis Shareholders' approval by way of an ordinary resolution under Section 161 of the Companies Act (Chapter 50 of Singapore) and the SGX-ST Listing Manual. Indofood has undertaken, inter alia, to provide and to procure that SingCo 1 provides such moratorium undertaking(s) (including not to dispose of any of the Injection Consideration Shares issued or to be issued to SingCo 1) as may be required under the relevant rules of the SGX-ST Listing Manual.

In conjunction with the Injection, CityAxis has made an application to the SGX-ST for the transfer of its listing from the Singapore Exchange Securities Trading Limited Dealing and Automated Quotation System (the "SGX-SESDAQ") to the SGX-ST Mainboard contingent upon the completion of the Injection and the Placement. The transfer of CityAxis's listing to the SGX-ST Mainboard is commensurate with the significantly enhanced market capitalisation and scale of CityAxis's business after the completion of the Injection and the Placement. The Injection Consideration Shares are to be listed on the SGX-ST Mainboard.

Under the SGX-ST Listing Manual, the SGX-ST may suspend trading of a listed company if less than 10% of its shares are held in the hands of the public. As SingCo 1 and/or its nominee(s) will hold approximately 98.7% of the enlarged total number of issued CityAxis Shares immediately upon completion of the Injection, trading in the CityAxis Shares will be suspended at that time pending completion of the Placement.

On 8 December 2006, the SGX-ST granted in-principle approval to CityAxis for the Injection, the transfer of the listing of CityAxis to the SGX-ST Mainboard and the listing and quotation of the Injection Consideration Shares and the Placement Shares on the SGX-ST Mainboard subject to a number of conditions, including the approval of CityAxis's Shareholders at the CityAxis EGM.

Completion of the Injection Agreement is conditional upon a number of conditions, which are described in more detail in the Circular, but include:

- (a) the approval of CityAxis Shareholders being obtained at the CityAxis EGM for, *inter alia*, the Injection and the Placement;
- (b) the approval of the independent shareholders of CityAxis being obtained at the CityAxis EGM for a proposed whitewash resolution pursuant to which the independent shareholders of CityAxis would waive their rights to receive a mandatory takeover offer from Indofood, SingCo 1 and parties acting in concert with them in connection with the issue of the Injection Consideration Shares under the Injection;
- (c) the approval of the SGX-ST for the Injection and if such approval is subject to conditions, such conditions being reasonably acceptable to CityAxis and Indofood and/or SingCo 1, and such approval remaining in full force and effect;
- (d) the approval in-principle of the SGX-ST for the transfer of CityAxis's listing from SGX-SESDAQ to the SGX-ST Mainboard on completion of the Injection and the Placement, and for the listing and quotation of the Injection Consideration Shares, the Placement Shares and the CityAxis Consolidated Shares on the SGX-ST Mainboard (on conditions, if any, reasonably acceptable to Indofood and/or SingCo 1 and CityAxis) having been obtained and such approval remaining in full force and effect;
- (e) the SIC having granted Indofood, SingCo 1 and parties acting in concert with them, and such grant remaining in full force and effect, a waiver of their obligation to make a general offer under Rule 14 of the Singapore Code for the CityAxis Shares not owned or controlled by Indofood, SingCo 1 or parties acting in concert with them and from having to comply with the requirements of Rule 14 of the Singapore Code, subject to the passing of the relevant resolution by CityAxis Shareholders and such other conditions that the SIC may impose which are reasonably acceptable to CityAxis and Indofood and/or SingCo 1;
- (f) the approval of the shareholders of Indofood in general meeting for or in connection with the Injection having been obtained;
- (g) all necessary waivers, consents and/or approvals of the Shareholders in general meeting, the Stock Exchange and/or the Listing Committee of the Stock Exchange having been obtained, to the extent required by and in accordance with the Listing Rules, for the transactions contemplated by the Injection Agreement (including but not limited to the Injection and the Placement);
- (h) Indofood and/or SingCo 1 and CityAxis having undertaken and completed their respective due diligence investigations in respect of CityAxis and its subsidiaries and SIMP and the EOF Business (as the case may be) and the results of such due diligence investigations being in the relevant party's reasonable opinion, satisfactory;

- (i) all material approvals, consents, licences, permits, waivers and exemptions for the Injection and the transactions contemplated under the Injection Agreement and all such approvals which are material for the carrying on of the business of CityAxis and its subsidiaries immediately after the completion of the Injection being granted by third parties including all authorities (including but not limited to the approval of the Indonesian Investment Coordinating Board (BKPM)) and where such approvals are subject to conditions, such conditions being reasonably acceptable to Indofood, SingCo 1 and/or CityAxis as the case may be, and such approvals remaining in full force and effect.

If any of the conditions precedent is not fulfilled or waived in accordance with the Injection Agreement on or before 31 March 2007 (or such later date as Indofood and/or SingCo 1 and CityAxis may agree in writing), the Injection Agreement shall lapse and the parties thereto will have no claim against the other save as provided in the Injection Agreement.

Completion of the Injection is to take place within seven (7) business days after the last in time of the conditions precedent is satisfied or waived or such other date as CityAxis, Indofood and/or SingCo 1 may agree.

Certain existing major CityAxis Shareholders, being independent third parties of the Company, who own and have an interest in CityAxis representing approximately 37.22% of the total number of issued CityAxis Shares, have undertaken to vote, and procure the voting of all such CityAxis Shares, in favour of the resolutions to be proposed at the CityAxis EGM.

In respect of the condition set out under paragraph (f) above, the Company which has a shareholding interest of approximately 51.5% of the capital of Indofood via its subsidiaries, has undertaken that it will procure its subsidiaries to vote all their shares in Indofood in favour of the resolutions which are to be proposed at the extraordinary general meeting of the shareholders of Indofood to approve the transactions contemplated by the Injection Agreement (including the Injection) if, *inter alia*, it is permitted to do so under the Listing Rules. The extraordinary general meeting of Indofood in connection with the Injection has been convened to be held on 22 December 2006.

In respect of the condition set out under paragraph (g) above, members of the Salim Group, who hold in aggregate approximately 44.26% of the capital of the Company, have undertaken, *inter alia*, to the extent permitted by Listing Rules to vote their respective shares in the Company in favour of the resolution which is to be proposed at the SGM to approve the transactions contemplated by the Injection Agreement (including the Injection and the Placement).

#### **The Placement**

On completion of the Injection, SingCo 1 and/or its nominee(s) will own 9,982,000,000 new CityAxis Shares representing approximately 98.7% of the enlarged total number of issued CityAxis Shares, which would not meet the shareholding spread and distribution requirements set out in Rule 210(1) of the SGX-ST Listing Manual. To meet such shareholding spread and distribution requirements, (depending on the number of Placement Shares and assuming the Placement is undertaken at a price of S\$0.75 per CityAxis Consolidated Share) at least 12.0% or 15.0% of the total number of issued CityAxis Shares must be held in the hands of at least 1,000 public shareholders in order for CityAxis to maintain its listing status and have such listing on the SGX Mainboard.

Accordingly, the completion of the Injection is conditional upon CityAxis and Indofood being reasonably satisfied that no later than 30 days after completion of the Injection there shall be entered into a placement agreement between CityAxis and placement agent(s) in respect of the Placement, to place such number of new CityAxis Consolidated Shares to investors to, *inter alia*, meet the shareholding spread and distribution requirements set out in Rule 210(1) of the SGX-ST Listing Manual. Completion of the Placement is intended to take place within one month after the completion of the Injection or such period of time as may be permitted by the SGX-ST. In order to raise funds for the development of the EOF Business, approval of the CityAxis Shareholders at the CityAxis EGM will be sought for a Placement of up to 435,000,000 Placement Shares, representing approximately 30% of the enlarged total number of issued CityAxis Consolidated Shares immediately after completion of the Placement, and it is contemplated that up to that number of Placement Shares may be offered under the Placement, although the final offer size and price of the Placement is subject to market conditions at the relevant time and will only be finalised after completion of the Injection.

A Placement of 435,000,000 Placement Shares representing approximately 30% of the enlarged total number of issued CityAxis Consolidated Shares would result in a reduction of SingCo 1's percentage shareholding in the Company from approximately 98.7% to approximately 69%.

The issue of the new CityAxis Consolidated Shares pursuant to the Placement is subject to CityAxis Shareholders' approval at the CityAxis EGM. It is also proposed that up to 6,525,000 new CityAxis Consolidated Shares will be available for distribution to Shareholders under the Placement by way of the proposed Distribution in Specie described below.

On the second SGX-ST market day following the completion of the Injection, trading in the CityAxis Consolidated Shares on the SGX-ST will be suspended, which suspension will continue during the period allowed for the Placement. In the case where the Placement is not or is unable to be carried out within the period permitted by the SGX-ST, trading of the CityAxis Shares may continue to be suspended.

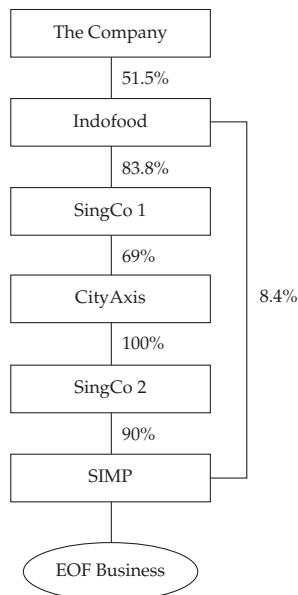
It is expected that the Placement Shares, if and when issued, will rank *pari passu* in all respects with the then existing CityAxis Consolidated Shares save for any dividends, rights, allotments or other distributions the record date for which falls before the date of issue of the Placement Shares. The Placement Shares will not rank for the Value Assurance.

#### **VALUE ASSURANCE**

Indofood has undertaken, subject to the terms of the Injection Agreement, that in the event the Placement Price is less than S\$0.75 per Placement Share (equivalent to S\$0.075 per CityAxis share before the proposed CityAxis share consolidation), it shall procure that SingCo 1 shall, subject to completion of the Injection and completion of the Placement, pay the Entitled CityAxis Shareholders, as soon as practicable after completion of the Placement, a compensation amount in cash for each CityAxis Consolidated Share held by such Entitled CityAxis Shareholders as at the record date for this purpose. The payment required to be made in these circumstances would be the amount equivalent to the difference, if any, between S\$0.75 and the Placement Price, subject always to a maximum compensation of S\$0.37 per CityAxis Consolidated Share held, which is equivalent to an aggregate maximum amount of S\$4,995,000. Only Entitled CityAxis Shareholders will be entitled to the Value Assurance, if any, described above.

### On Completion of the Injection and the Placement

On completion of the Injection, and assuming completion of the Placement on the basis described above, the simplified shareholding structure of the relevant entities would be as follows:



Upon completion of the Injection and the Placement, the Company will continue to be the holding company of all its existing businesses and SIMP will remain an indirect subsidiary of the Company. On completion of the Injection, CityAxis will also become an indirect subsidiary of the Company, the principal business of which will be the EOF Business. Indofood will continue to hold an indirect majority interest in the EOF Business on completion of the Injection and the Placement.

### EOF BUSINESS

#### Background

The EOF Business is one of Indonesia's major vertically-integrated manufacturers of edible oils and fats with a significant market share in the branded cooking oil, as well as the margarine and shortening segments in Indonesia. The EOF Business's operations range from oil palm cultivation and milling to the refining, branding and marketing of cooking oil, margarine, shortening and other palm oil derivative products.

As at 30 June 2006, the EOF Business employs approximately 15,000 permanent full time employees.

#### Plantations and CPO Production

The EOF Business has a vast plantation land bank in Indonesia of approximately 138,000 hectares as at 30 June 2006, of which approximately 63,000 hectares are planted with oil palms and approximately 5,000 hectares with rubber. In addition, the EOF Business administers approximately 25,000 hectares of oil palm plantation land under the "Plasma Programme" in Indonesia as at 30 June 2006.

The Plasma Programme refers to the programme initiated by the government in Indonesia to encourage large oil palm plantation owners, such as SIMP and the EOF Business, to develop their surrounding smallholders' plantations when applying for land rights for oil palm plantations. Once developed, these smallholders' plantations are operated under the supervision of the developer.

On 16 August 2006, Indofood announced that SIMP had entered into a conditional agreement to acquire a 60% interest in several plantation companies which, upon completion, will increase the EOF Business's plantation land bank in Indonesia by approximately 85,500 hectares.

The EOF Business has six operational mills located at the Riau province with the capacity to process up to 315 metric tonnes ("MT") of fresh fruit bunches of oil palm ("FFBs") per hour. Another mill in West Kalimantan with a projected capacity of 45 MT of FFBs per hour is currently under construction and is expected to be completed before the end of 2006.

In the FY 2005, the EOF Business's oil palm plantations produced approximately 299,000 MT of crude palm oil ("CPO"), most of which were supplied to other subsidiaries of the EOF Business mainly for the manufacture of cooking oil, margarine and shortening.

#### Refining of CPO into cooking oil, margarine, shortening and other palm oil derivative products

The EOF Business also owns and operates four strategically located refineries in the Indonesian cities of Jakarta, Surabaya, Bitung and Medan. The Surabaya and Bitung refineries are located near deep draft ports which are logistically advantageous for transportation.

These refineries process CPO into "Refined, Bleached and Deodorised" ("RBD") palm oil which is then fractionated into RBD palm olein and RBD palm stearine. These in turn are further processed and/or packaged into the EOF Business's own brands of cooking oil as well as margarine and shortening for sale in Indonesia and abroad. The EOF Business also produces and sells a small amount of palm oil derivatives and by-products such as RBD palm stearine and palm fatty acid distillate. The EOF Business's refineries have a cumulative capacity to process approximately 2,950 MT of CPO daily.

The EOF Business's key products comprise cooking oil as well as margarine and shortening for both the industrial and consumer segments. For the latter, the EOF Business's products are sold to end consumers in Indonesia under its own brands of "Bimoli", "Bimoli Spesial", "Delima", "Happy Salad Oil" and "Mahakam" for cooking oil and "Simas Margarine Dapur", "Simas Spesial" and "Amanda" for consumer margarine and "Palma", "Simas" and "Amanda" for industrial margarine and shortening. The EOF Business currently enjoys a significant market share of the branded cooking oil as well as margarine and shortening segments in Indonesia where its products are sold through approximately 230,000 retail outlets. The EOF Business distributes its products throughout Indonesia through national, regional and district distributors as well as through direct sales.

#### Manufacture of coconut oil and related products

The EOF Business also owns and operates two strategically located copra crushing plants in Indonesia, namely in Bitung in North Sulawesi and Moutong in Central Sulawesi, which are engaged in the manufacture and export of crude and RBD coconut oil and its by-products to third parties. In the FY 2005 and the First Half Year 2006, nearly all of the EOF Business's production of crude coconut oil and its derivative products were exported to oleochemical plants located in the United States of America, Europe and South Korea. By-products such as copra pellets were sold mainly to animal feed markets in South Korea.

#### Net book value and net profits of SIMP and the EOF Business

The net book value of SIMP and the EOF Business as at 31 December 2005 was approximately US\$267.5 million.

The net profits of SIMP and the EOF Business before and after taxation and extraordinary items for the financial year ended 31 December 2005 were approximately US\$84.1 million and approximately US\$47.6 million, respectively. The net profits of SIMP and the EOF Business before and after taxation and extraordinary items for the financial year ended 31 December 2004 were approximately US\$101.4 million and approximately US\$56.4 million, respectively.

## REASONS FOR, AND BENEFITS OF, THE INJECTION AND THE PLACEMENT

The directors of the Company believe that the proposed listing of the EOF Business through CityAxis on the SGX-ST Mainboard will bring about a number of benefits:

- (a) **Fair valuation for EOF Business:** a separate listing of the EOF Business through CityAxis is expected to allow it to achieve its fair valuation potential, which in turn is expected to increase the value of shares in Indofood and be beneficial to the Company as a substantial shareholder of Indofood and CityAxis and enhance its shareholders' value.
- (b) **Clarity of business and financial status:** a separate listing of the EOF Business through CityAxis is expected to provide investors, the investment market and rating agencies with greater clarity on the businesses and financial status of the EOF Business.
- (c) **Providing new sources of capital:** a separate listing of the EOF Business through CityAxis on the SGX-ST Mainboard is expected to enable the EOF Business through CityAxis to independently access both equity and debt capital markets, as well as the bank credit market, on potentially more advantageous terms than are presently available to it. Hence this is expected to provide new and more diversified funding sources to finance the EOF Business' existing operations and future expansion as well as a wider investor base.
- (d) **Continued Control:** the Company will remain a controlling shareholder of Indofood and the EOF Business, the Company's shareholders will continue to enjoy the benefits from future development and growth of the EOF Business.

The directors of the Company believe that the proposed transactions would deliver significant added value to the Company and its shareholders as the Company will remain a controlling shareholder of Indofood and the EOF Business and the Company's shareholders will therefore continue to enjoy the benefits from future development and growth of the EOF Business.

## FINANCIAL EFFECTS OF THE INJECTION AND THE PLACEMENT

The audited consolidated net profit attributable to the Shareholders for the year ended 31 December 2005 was US\$103.0 million after tax and US\$165.4 million before tax and the audited consolidated net profit of the Group for the year ended 31 December 2004 was US\$123.9 million after tax and US\$181.3 million before tax, respectively. The unaudited consolidated net profit attributable to the Shareholders for the six months ended 30 June 2006 was US\$72.2 million after tax and US\$136.9 million before tax.

The audited consolidated net assets of the Group as at 31 December 2005 and 31 December 2004 were US\$382.8 million and US\$227.4 million, respectively. The unaudited consolidated net assets of the Group as at 30 June 2006 were US\$446.9 million.

Following completion of the Injection and the Placement, the Company's effective attributable interest in SIMP will decrease from approximately 43.2% to approximately 31.1% assuming the Placement of approximately 30% new CityAxis Shares. The Group is expected to recognize a gain on a deemed disposal of a 12.1% interest in SIMP of approximately US\$25.7 million, subject to the final Placement Price and the actual timing of completion of the Placement. As a result, the net asset value of the Group is expected to increase upon completion of the Injection and the Placement.

There were 3,188,833,003 Shares in issue as at 31 December 2005. On the basis that the consolidated net asset value of the Group was approximately US\$382.8 million as at 31 December 2005 and the Injection and the Placement would have been completed on 31 December 2005, it would have resulted in an increase in the consolidated net asset value to approximately US\$408.5 million and an increase in the consolidated net asset value per Share from US\$0.1200 to US\$0.1281.

On the assumption that the Injection and the Placement was completed on 31 December 2005, the consolidated net profit attributable to the Shareholders for the year ended 31 December 2005 would have increased by approximately US\$25.7 million or approximately US\$0.0081 per Share calculated based on 3,188,833,003 Shares in issue as at 31 December 2005.

SIMP is, and will remain, a subsidiary of the Group both before and after the Injection and Placement. Therefore, following completion of the Injection and the Placement, it is expected that there will be no impact on the turnover of the Group. However, the consolidated net profit attributable to the Shareholders will be reduced by an amount equal to approximately 12.1% of the profit contributed by SIMP as a result of the Injection and the Placement, which is an acceptable degree of dilution in view of the perceived benefits of the Injection and Placement. The new capital raised is expected to enhance the earning base of the EOF Business, which in turn is expected to benefit the Shareholders and compensate for the fairly modest degree of dilution.

## THE REMAINING BUSINESSES

Following completion of the Injection and the Placement, the Company will remain the holding company of its existing businesses and will have a sufficient level of operations and assets of its own, excluding its interest in the EOF Group, to support its separate listing status and satisfy independently the requirements of Chapter 8 of the Listing Rules.

The Company's existing businesses include PLDT, Indofood (excluding the EOF Group), Metro Pacific/MPIC and Level Up! and collectively employ over 31,608 members of staff. The net asset value of these businesses is in excess of US\$244.9 million.

For the FY 2005 and the First Half Year 2006, PLDT recorded a turnover of approximately US\$2,201.3 million and US\$1,162.9 million respectively. PLDT contributed recurring profits of approximately US\$132.2 million and US\$66.5 million to the Company in the FY 2005 and the First Half Year 2006 respectively, representing approximately 85.7% and 75.8%, respectively, of the Company's FY 2005 and First Half Year 2006 contribution from operations.

For the FY 2005 and the First Half Year 2006, Indofood recorded a turnover of approximately US\$1,923.4 million and US\$1,104.7 million respectively (such figures include contributions from the EOF Business), with approximately 16% and 14% of its revenues for those respective financial periods being contributed by the EOF Business. Indofood contributed recurring profits of approximately US\$29.6 million and US\$23.8 million to the Company in the FY 2005 and the First Half Year 2006 respectively.

Further detailed information on PLDT, Indofood, Metro Pacific/MPIC and Level Up! is included in the Circular.

## LISTING RULES IMPLICATIONS OF THE INJECTION AND THE PLACEMENT

The provisions of PN15 apply to the Injection and the Placement as completion of such transactions will result in a separate listing of SIMP and the EOF Business on the SGX-ST Mainboard through the reverse takeover of CityAxis. As the value of the assets, profits and revenue of SIMP constitutes more than 5% under the calculations of percentage ratios (as defined in the Listing Rules), SIMP constitutes a "major subsidiary" of the Company for the purposes of the Listing Rules. Furthermore, the Company's preliminary assessment of percentage ratios arising from the disposal by virtue of the dilutive effect resulting from the issue of the Placement Shares pursuant to the Placement indicates that the Placement results in a "material dilution" of a major subsidiary for the purposes of the Listing Rules. Accordingly, the approval of the Shareholders will be required in respect of the Injection and the Placement in accordance with PN15.

One or more of the percentage ratios calculations in respect of the disposal of the Company's interest in SIMP and the EOF Business resulting from the Injection and issue of the Placement Shares by SIMP pursuant to the Placement exceeds 5% and, accordingly, the Injection and the Placement constitute a discloseable transaction for the purposes of Chapter 14 of the Listing Rules.

At the SGM to consider the Injection and the Placement, the controlling shareholders of the Company are required to abstain from voting if they have a material interest in the proposal pursuant to PN15. The Company has only one controlling shareholder, the Chairman, Mr. Anthoni Salim, who holds (together with his associates under the Listing Rules) approximately 44.26% of the Shares. None of Mr. Anthoni Salim or any of his associates has an interest in the Injection and the Placement which is different from the interests of any other Shareholders. Accordingly, the controlling shareholder of the Company or his associates will not be required to abstain from voting.

## ASSURED ENTITLEMENT

In order to satisfy the requirement of PN15 to provide Shareholders with an assured entitlement to enable Shareholders to participate in the Placement, the Board has passed resolutions approving the following:

- (i) subject to the Placement proceeding, the subscription by the Company of Placement Shares up to a maximum of 6,525,000 Placement Shares, representing 1.5% of the total maximum number of Placement Shares, as part of the Placement, in order to effect the Assured Entitlement by way of the Distribution in Specie;

- (ii) subject to the Placement proceeding and the subscription by the Company for Placement Shares contemplated in (i) above, the conditional declaration of a special dividend, payable to those Qualifying Shareholders whose names appear on the register of members of the Company at the close of business on the record date for the Distribution in Specie by way of a distribution in specie on the basis of up to four Distribution Shares for every 2,000 Shares held by them, representing one board lot of the Shares, at the close of business on the record date for the Distribution in Specie.

To effect the Distribution in Specie, the Company will subscribe for the relevant number of Placement Shares at the Placement Price per Placement Share paid by other subscribers under the Placement. Payments in respect of such subscription will be funded by the Company from its internal resources. The Directors consider the arrangement of up to four Distribution Shares for every 2,000 Shares held by Shareholders to be fair and reasonable.

#### **RECORD DATE FOR THE DISTRIBUTION IN SPECIE TO BE DETERMINED**

The Distribution in Specie is conditional upon completion of the Injection and the Placement and will only occur if both the Injection and the Placement are completed. As referred to above, completion of the Injection is conditional upon CityAxis and Indofood being reasonably satisfied that no later than 30 days after completion of the Injection there shall be entered into a placement agreement between CityAxis and placing agent(s) and completion of the Placement is intended to take place within one month after the completion of the Injection or such other period of time as may be permitted by the SGX-ST. The current timetable contemplates completion of the Injection around the end of January 2007 with completion of the Placement occurring around mid February 2007. In view of this, the Directors will determine the record date for determining entitlements to the Distribution in Specie after the SGM and nearer the time of the Placement. One or more further announcements will be made notifying Shareholders of the record date and a document will be sent to Shareholders advising them of the procedures for qualifying for the Distribution in Specie. Shareholders will also be sent with that document a form of election to be completed and signed by Shareholders to certify that they are Qualifying Shareholders in respect of the Distribution in Specie. A Qualifying Shareholder holding 2,000 Shares or more may, by completing the appropriate box in the form of election, elect to receive a cash payment in lieu of all the Distribution Shares to which the Qualifying Shareholder would otherwise be entitled under the Distribution in Specie. Such cash payment will be calculated on the basis that each Distribution Share to which the relevant Qualifying Shareholder would otherwise have been entitled will be deemed to have a value equal to the price per Placement Share paid by placees under the Placement.

No distribution of the Distribution Shares will be made to Non-Qualifying Shareholders pursuant to the Distribution in Specie. Non-Qualifying Shareholders will instead receive cash in lieu of the relevant number of Distribution Shares to which they would otherwise have been entitled, on the basis and subject to the conditions set out in the Circular. Such cash payment will be calculated on the basis that each Distribution Share to which the relevant Non-Qualifying Shareholder would otherwise have been entitled will be deemed to have a value equal to the price per Placement Share paid by subscribers under the Placement.

Fractional entitlements to Distribution Shares will not be distributed to Qualifying Shareholders. Fractional entitlements to Qualifying Shareholders and to Non-Qualifying Shareholders will be aggregated and all whole number Distribution Shares arising from such aggregation will be sold in the market for the benefit of the Company, if a premium (net of expenses) can be achieved.

Further detailed information in relation to the proposed Distribution in Specie is set out in the Circular.

**Shareholders should note that the Distribution in Specie is conditional upon completion of the Injection and the Placement, which is itself conditional upon the satisfaction of the conditions precedent set out in the section above entitled "Conditions Precedent of the Injection". If the Injection and the Placement are not completed, the Distribution in Specie will not be made.**

#### **DESPATCH OF CIRCULAR**

The Circular containing, among other things, details of the Injection, the Placement and the Assured Entitlement and the letters of advice from the Independent Board Committee and the Independent Financial Adviser of the Company will be despatched to the Shareholders on 22 December 2006.

The Circular also contains notice of the SGM, which notice is also published separately in the newspapers today.

**Investors should note that the Injection and the Placement remain subject to the satisfaction of various conditions precedent and may or may not proceed.**

#### **DEFINITIONS**

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

"ADRs"	American depositary receipts of the ADSs
"ADSs"	American depositary shares of PLDT, evidenced by ADRs, each ADS represents 1 share of common stock of PLDT
"Assured Entitlement"	an assured entitlement, pursuant to the Distribution in Specie, to receive Distribution Shares on the basis of up to 4 Distribution Shares for every whole multiple of 2,000 Shares held by each Qualifying Shareholder, comprising one board lot of Shares, at the close of business on the record date to be fixed for determining entitlements to the Distribution in Specie, or cash in lieu of all the Distribution Shares to which a Qualifying Shareholder is entitled, on and subject to the terms and conditions described in the Circular
"Circular"	the shareholders' circular to be despatched by the Company on 22 December 2006 containing, among other things, further details of the Injection and the Placement, the letter from the Independent Financial Adviser, the letter from the Independent Board Committee and the notice convening the SGM
"CityAxis"	CityAxis Holdings Limited (formerly known as ISG Asia Limited), a company incorporated in Singapore and whose shares are listed on the SGX-SESDAQ
"CityAxis Consolidated Shares"	ordinary shares in the capital of CityAxis following the proposed consolidation of every ten (10) CityAxis Shares into one (1) CityAxis Consolidated Share following the completion of the Injection
"CityAxis EGM"	an extraordinary general meeting of CityAxis Shareholders to be held on 5th January 2007 in respect of the Injection and the Placement
"CityAxis Shareholders"	holders of CityAxis Shares
"CityAxis Shares"	ordinary shares in the capital of CityAxis, which expression shall, where the context admits, include the CityAxis Consolidated Shares
"Company"	First Pacific Company Limited, a company incorporated in Bermuda, the shares of which are listed on the Stock Exchange
"controlling shareholder(s)"	has the meaning ascribed to it in the Listing Rules
"Director(s)"	the director(s) of the Company
"Distribution in Specie"	the proposed special dividend of the Company, to be satisfied by the distribution in specie by the Company of Distribution Shares to Qualifying Shareholders on the basis of an assured entitlement of up to 4 Distribution Share(s) for every whole multiple of 2,000 Shares held by each Qualifying Shareholder at the close of business on the record date to be fixed for determining entitlements to the Distribution in Specie, or cash in lieu of all the Distribution Shares to which a Qualifying Shareholder is entitled, on and subject to the terms and conditions described in the section headed "Assured Entitlement" in this announcement and in the letter from the Board set out in the Circular
"Distribution Shares"	the CityAxis Shares to be distributed to Shareholders pursuant to the Distribution in Specie
"Entitled CityAxis Shareholders"	the CityAxis Shareholders as at the Value Assurance Entitlement Date (other than holders of the Injection Consideration Shares and placees under the Placement) who are eligible for the Value Assurance, if any

“EOF Business”	the businesses of owning and operating oil palm plantations and manufacturing and refining edible oils and fats undertaken by SIMP and its subsidiaries
“EOF Group”	SIMP and its subsidiaries prior to completion of the Injection and CityAxis, SIMP and their respective subsidiaries upon completion of the Injection
“First Half Year 2006”	the 6 months ended 30 June 2006
“FY 2005”	the financial year ended 31 December 2005
“Group”	the Company and its subsidiaries from time to time and a “ <b>member of the Group</b> ” shall be construed accordingly
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IDR”	Indonesian Rupiah, the lawful currency of Indonesia
“Independent Board Committee”	the committee of Directors, consisting of Messrs. Graham L. Pickles, Professor Edward K. Y. Chen and David W. C. Tang, who are all Independent Non-Executive Directors, formed to advise the Shareholders in respect of the terms of the Injection and the Placement
“Independent Financial Adviser”	Somerley Limited, a licensed corporation under the SFO to conduct types 1 (dealing in securities), 4 (advising on securities), 6 (advising on corporate finance) and 9 (asset management) regulated activities and the independent financial adviser to the Independent Board Committee and the Shareholders
“Indofood”	PT Indofood Sukses Makmur Tbk, a company incorporated in Indonesia and whose shares are listed on the Jakarta and Surabaya Stock Exchanges and a 51.5% owned subsidiary of the Company
“Injection”	the proposed injection of 90% indirect shareholding interests in SIMP, its subsidiaries and the EOF Business into CityAxis, through the acquisition by CityAxis of the entire issued share capital of SingCo 2, pursuant to the Injection Agreement
“Injection Agreement”	a conditional sale and purchase agreement dated 23 August 2006 entered into between, inter alia, Indofood and CityAxis in respect of the Injection, as supplemented by a deed of ratification and accession dated 11 September 2006 executed by SingCo 1 in favour of the original parties to the foregoing agreement
“Injection Consideration Shares”	9,982,000,000 CityAxis Shares to be issued to SingCo 1 or as it or Indofood may direct upon completion of the Injection and which are proposed to be consolidated into 998,200,000 CityAxis Consolidated Shares prior to the Placement, in accordance with the terms of the Injection Agreement
“Level Up!”	Level Up! International Holdings Pte. Ltd., a company incorporated in Singapore and a 25% owned associate of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Metro Pacific”	Metro Pacific Corporation, a company incorporated in the Philippines which has become an unlisted subsidiary of MPIC pursuant to a comprehensive reorganisation and recapitalisation plan with MPIC
“MPIC”	Metro Pacific Investments Corporation, a company incorporated in the Philippines which was formed to undertake a comprehensive reorganization and recapitalization plan with Metro Pacific and which has its shares listed on the Philippine Stock Exchange and is indirectly owned as to approximately 95.9% by the Company
“Non-Qualifying Shareholder(s)”	(1) Shareholder(s) whose name(s) appear(s) on the register of members of the Company as at the close of business on the record date to be fixed for determining entitlements to the Distribution in Specie but whose addresses as shown in the register of members are in places outside Hong Kong in respect of whom the Directors consider the exclusion from the Assured Entitlement to be necessary or expedient on account of either the legal restrictions under the laws of the relevant place or the requirements of a relevant regulatory body or stock exchange in that place; (2) without limitation to the generality of the foregoing, Shareholder(s) (including beneficial owners) who are located in the US or who are US Person(s) or who are located in the UK; and (3) Shareholders who are otherwise unable to make the certifications required in the Form of Election in order to be entitled to receive the Distribution in Specie
“Philippines”	the Republic of the Philippines
“Placement”	the proposed issue of up to 435 million new CityAxis Consolidated Shares by CityAxis after the completion of the Injection for the purposes of meeting the shareholding spread and distribution requirements of the SGX-ST and to raise funds for the enlarged CityAxis group
“Placement Price”	the price at which the Placement Shares are issued pursuant to the Placement
“Placement Shares”	new CityAxis Consolidated Shares to be issued by CityAxis pursuant to the Placement
“PLDT”	Philippine Long Distance Telephone Company, a company incorporated in the Philippines whose shares are listed on the Philippine Stock Exchange and the ADRs of which are listed on the New York Stock Exchange. PLDT is an associated company of the Company
“PN15”	Practice Note 15 of the Listing Rules
“PRC”	the People’s Republic of China
“Qualifying Shareholders”	Shareholders whose names appear on the register of members of the Company as at the close of business on the record date to be fixed for determining entitlements to the Distribution in Specie, other than Shareholders who are, or who are acting for the account or benefit of, Non Qualifying Shareholders
“S\$”	Singapore dollars, the lawful currency of Singapore
“Salim Group”	Anthoni Salim, the Chairman, Non-Executive Director and controlling shareholder of the Company and his associates
“SGM”	the special general meeting of the Company convened to be held at 10:30 a.m. on Monday, 8 January 2007
“SGX-ST Mainboard”	Mainboard of the SGX-ST
“Shareholders”	shareholders of the Company
“Shares”	ordinary share(s) of US\$0.01 each in the share capital of the Company
“SIC”	Securities Industry Council of Singapore
“SIMP”	PT Salim Ivomas Pratama, a company incorporated in Indonesia and directly and indirectly owned as to 83.8% by Indofood
“Singapore”	The Republic of Singapore



“Singapore Code”	The Singapore Code on Takeovers and Mergers, as amended from time to time
“SingCo 1”	Indofood Singapore Holdings Pte. Ltd., a company incorporated in Singapore and an 83.8% owned subsidiary of Indofood
“SingCo 2”	Indofood Oil & Fats Pte. Ltd., a company incorporated in Singapore and a wholly owned subsidiary of SingCo 1
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“UK”	the United Kingdom
“US”	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
“US Person”	means, as defined in Rule 902 under the US Securities Act: <ul style="list-style-type: none"> <li>i. any natural person resident in the US;</li> <li>ii. any partnership or corporation organised or incorporated under the laws of the US;</li> <li>iii. any estate of which any executor or administrator is a US person;</li> <li>iv. any trust of which any trustee is a US person;</li> <li>v. any agency or branch of a foreign entity located in the US;</li> <li>vi. any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a US person;</li> <li>vii. any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the US; and</li> <li>viii. any partnership or corporation if: <ul style="list-style-type: none"> <li>(A) organised or incorporated under the laws of any foreign jurisdiction; and</li> <li>(B) formed by a US person principally for the purpose of investing in securities not registered under the Act, unless it is organised or incorporated, and owned, by accredited investors (as defined in Rule 501(a)) of the US Securities Act) who are not natural persons, estates or trusts.</li> </ul> </li> </ul> <p>The following are not “US persons”:</p> <ul style="list-style-type: none"> <li>(i) any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-US person by a dealer or other professional fiduciary organised, incorporated, or (if an individual) resident in the US;</li> <li>(ii) an estate of which any professional fiduciary acting as executor or administrator is a US person if: <ul style="list-style-type: none"> <li>(A) an executor or administrator of the estate who is not a US person has sole or shared investment discretion with respect to the assets of the estate; and</li> <li>(B) the estate is governed by foreign law;</li> </ul> </li> <li>(iii) any trust of which any professional fiduciary acting as trustee is a US person, if a trustee who is not a US person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settler if the trust is revocable) is a US person;</li> <li>(iv) an employee benefit plan established and administered in accordance with the law of a country other than the US and customary practices and documentation of such country;</li> <li>(v) any agency or branch of a US person located outside the US if: <ul style="list-style-type: none"> <li>(A) the agency or branch operates for valid business reasons; and</li> <li>(B) the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located; and</li> </ul> </li> <li>(vi) the International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the United Nations, and their agencies, affiliates and pension plans, and any other similar international organizations, their agencies, affiliates and pension plans</li> </ul>
“US\$”	United States dollars, the lawful currency of the US
“Value Assurance”	the compensation in cash to be paid by SingCo 1 to Entitled CityAxis Shareholders as more particularly described in the Circular
“Value Assurance Entitlement Date”	the books closure date to be determined by the board of directors of CityAxis to determine CityAxis Shareholders eligible for payment (if any) under the Value Assurance
“%”	per cent.

*Note: 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 = IDR 9,150 = S\$1.56. 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, 21 December 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  
Ambassador 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.”