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FIRST PACIFIC COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

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

(Stock Code: 00142)

CONTINUING CONNECTED TRANSACTIONS

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders of First Pacific Company Limited**



SOMERLEY LIMITED

A letter from the board of directors of First Pacific Company Limited is set out on pages 4 to 15 of this circular. A letter from the Independent Board Committee containing its advice to the Independent Shareholders is set out on page 16 of this circular. A letter from Somerley Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 17 to 35 of this circular.

A notice convening a special general meeting ("Shareholders' Meeting") of the Company to be held at 3:00 p.m. on Wednesday, 14th June 2006 at 24th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong is set out on pages 44 to 46 of this circular. A Form of Proxy for use at the Shareholders' Meeting is enclosed. Whether or not you intend to attend and vote at the Shareholders' Meeting or any adjourned meeting in person, you are requested to complete and return the enclosed Form of Proxy in accordance with the instructions printed thereon and return it to the principal office of First Pacific Company Limited (Attention: Corporate Secretarial Department) at 24th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong as soon as possible, but in any event not less than 48 hours before the time appointed for holding the Shareholders' Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Shareholders' Meeting or any adjourned meeting should you so wish.

22nd May 2006

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DEFINITIONS

In this circular, the following terms and expressions shall have the following meanings, unless the context otherwise requires:

“Annual Cap”	the estimated maximum aggregate annual value in relation to each respective continuing connected transaction described in this circular, required to be set in accordance with Rule 14A.35(2) of the Listing Rules;
“Announcement”	the announcement of the Company dated 28th April 2006;
“Associate”	has the meaning ascribed thereto under the Listing Rules;
“Board”	board of directors of the Company;
“CKA”	PT Ciptakemas Abadi, a member of the Indofood Group;
“Company”	First Pacific Company Limited, a company incorporated in Bermuda with limited liability, whose shares are listed on the Exchange;
“Director(s)”	the director(s) of the Company;
“Distribution Business Transactions”	each of the continuing connected transactions relating to the distribution business of the Indofood Group, further details of which are provided in the Announcement;
“DUFIL”	De United Food Industries Ltd., an Associate of Mr. Anthoni Salim;
“Exchange”	The Stock Exchange of Hong Kong Limited;
“FID”	the food ingredients division of Indofood;
“Group”	the Company and its subsidiaries from time to time;
“Hong Kong”	The Hong Kong Special Administrative Region of The Peoples’ Republic of China;

DEFINITIONS

“Independent Board Committee”	the independent committee of the Board established by the Company as required by Rule 14A.21 of the Listing Rules, to consider the Noodles Business Transactions and opine as to whether the terms of those transactions are fair and reasonable and in the interests of the Company and its shareholders as a whole, the Annual Caps are fair and reasonable and it is normal business practice for the trademark and technical services agreements between Indofood and DUFIL, Indofood and Pinehill, and PIPS and Pinehill to be of a duration of more than three years, such independent board committee comprising the Independent Directors;
“Independent Directors”	Graham L. Pickles, Edward K.Y. Chen and David W.C. Tang, being the independent non-executive directors of the Company;
“Independent Financial Adviser”	Somerley Limited, the independent financial adviser appointed by the Company under Rule 14A.21 of the Listing Rules to make recommendations to the Independent Board Committee and the Independent Shareholders as to whether the terms of the Noodles Business Transactions are fair and reasonable and in the interests of the Company and its shareholders as a whole, and the Annual Caps are fair and reasonable, and to advise the Independent Shareholders how to vote at the Shareholders’ Meeting and to opine as to whether it is normal business practice for the trademark and technical services agreements between Indofood and DUFIL, Indofood and Pinehill, and PIPS and Pinehill to be of a duration of more than three years;
“Independent Shareholders”	the shareholders of the Company other than First Pacific Investments Limited and First Pacific Investments (BVI) Limited;
“Indofood”	PT Indofood Sukses Makmur Tbk, a company incorporated in Indonesia, and a 51.5 per cent. owned subsidiary of the Company;
“Indofood Group”	Indofood and its subsidiaries from time to time, and a “member of the Indofood Group” shall be construed accordingly;

DEFINITIONS

“Latest Practicable Date”	18th May 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained therein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Exchange;
“Model Code”	Model Code for Securities Transactions by Directors of the Listed Issuers;
“Noodles Business Transactions”	each of the continuing connected transactions relating to the noodles business of the Indofood Group, further details of which are provided on pages 9 to 12 of this circular;
“Pinehill”	Pinehill Arabian Food Ltd., an Associate of Mr. Anthoni Salim;
“PIPS”	PT Prima Inti Pangan Sejati, a member of the Indofood Group;
“Salim Family”	Mr. Anthoni Salim, his father, Mr. Soedono Salim, and his brother, Mr. Andree Halim;
“SFO”	The Securities and Futures Ordinance;
“Shareholders’ Meeting”	the meeting of the Independent Shareholders convened to be held at 3:00 p.m. on Wednesday, 14th June 2006, at 24th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong, by the notice of meeting set out on pages 44 to 46 of this circular and any adjournment of that meeting;
“%”	percentage; and
“2005 Announcement”	the announcement of the Company dated 13th September 2005.

In this circular, unless stated otherwise, translations of quoted currency values are made on an approximate basis and at the rate of US\$1.00 = HK\$7.8 = 9,600 Indonesian Rupiah. Percentages and figures expressed in millions have been rounded.

LETTER FROM THE BOARD



FIRST PACIFIC COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

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

(Stock Code: 00142)

Chairman:
Anthoni Salim

Executive Directors:
Manuel V. Pangilinan (*Managing Director and CEO*)
Edward A. Tortorici
Robert C. Nicholson

Non-Executive Directors:
His Excellency Albert F. del Rosario
Sutanto Djuhar
Tedy Djuhar
Ibrahim Risjad
Benny S. Santoso

Independent Non-Executive Directors:
Graham L. Pickles
Professor Edward K.Y. Chen, *GBS, CBE, JP*
David W.C. Tang,
OBE, Chevalier de L'Ordre des Arts et des Lettres

Registered Office:
Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Hong Kong Principal Office:
24th Floor
Two Exchange Square
8 Connaught Place
Central
Hong Kong

22nd May 2006

To the shareholders of the Company for information only

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

Reference is made to the Announcement, which along with the 2005 Announcement, describes the following continuing connected transactions, which members of the Indofood Group are parties to:

- (a) **Noodles Business Transactions** – a series of related continuing connected transactions relating to Indofood's noodles business. These transactions

LETTER FROM THE BOARD

principally relate to the provision of raw materials or finished and packaging products, the provision of related technical services and the licensing of related trademarks to connected persons; and

- (b) **Distribution Business Transactions** – a series of related continuing connected transactions relating to Indofood’s distribution business. These transactions principally relate to the distribution by Indofood’s subsidiary, PT Indomarco Adi Prima, of foodstuffs, beverages and other consumer products for or through connected persons.

Under Rule 14A.25 of the Listing Rules, for the purposes of compliance with Chapter 14A of the Listing Rules, the Noodles Business Transactions have been aggregated and the Distribution Business Transactions have also been aggregated.

Under Rule 14A.35(2) of the Listing Rules, the Company is required to set an Annual Cap for each continuing connected transaction. The Annual Caps for the Noodles Business Transactions for the years ending 31st December 2006, 2007 and 2008 are set out in the table below.

In the case of the transactions between FID and DUFIL, between CKA and DUFIL, between FID and Pinehill and between CKA and Pinehill the agreements expire part way through the calendar year in 2008. Therefore the pro rata amount of the Annual Cap up to the expiry date of the relevant agreement is set out in the table below. On the basis that these transactions expire part way through the calendar year in 2008, the Independent Shareholders will only be requested to approve at the Shareholders’ Meeting the pro rata amount of the Annual Cap applicable to the period during the relevant calendar year for which the relevant agreement remains in effect.

In relation to the trademark and technical services agreement between Indofood and DUFIL referred to in the table below, the existing agreement will expire on 29th November 2006. It has been agreed pursuant to a letter agreement entered into on 13th April 2006 that the agreement be extended on the same terms as apply at present for four years until 29th November 2010. Under the Listing Rules, that extension is subject to the Independent Financial Adviser explaining in this circular why a period longer than three years is required for the extension of that agreement and on the extension of the agreement being approved by the Independent Shareholders at the Shareholders’ Meeting. The Independent Financial Adviser has set out in detail in its letter below its opinion that it is necessary for the trademark and technical services agreement between Indofood and DUFIL to be of a period longer than three years and that the extension of the agreement is approved by the Independent Shareholders at the Shareholders’ Meeting. Independent Shareholders are therefore also requested at the Shareholders’ Meeting to approve Annual Caps in respect of the agreement as so renewed for the calendar years 2006, 2007 and 2008. On this basis, proposed Annual Caps for each of the full calendar years ending 31st December 2006, 2007 and 2008 are specified below in relation to the trademark and technical services agreement between Indofood and DUFIL.

LETTER FROM THE BOARD

The transactions between Indofood and Pinehill and between PIPS and Pinehill are each for five years expiring on 31st December 2010. As referred to in the 2005 Announcement, the Company previously engaged Somerley Limited as its independent financial adviser to review the trademark licensing agreement between Indofood and Pinehill and the technical services agreement between PIPS and Pinehill. As stated in the 2005 Announcement, Somerley Limited confirmed to the Board that, having considered the facts and circumstances in relation to the entering into of the trademark licensing agreement and the technical services agreement between Indofood and Pinehill and PIPS and Pinehill, respectively, Somerley Limited were of the opinion that it is necessary for such agreements to be of a longer period than three years and that it is normal business practice for contracts of this type to be of a duration of more than three years. In the context of approving the applicable Annual Caps for these agreements for the years ending 31st December 2006, 2007 and 2008, the Independent Financial Adviser has set out in detail in its letter below, an explanation of why a period in excess of three years is required for these agreements and its opinion that it is necessary for the agreements to be of a longer period than three years. Accordingly, on this basis, the applicable Annual Caps in respect of each of these agreements for the years ending 31st December 2006, 2007 and 2008 are set out in the table below.

The proposed Annual Caps for each of the Noodles Business Transactions for the years ending 31st December 2006, 2007 and 2008 are set out in the table below. The aggregate of the proposed Annual Caps for all the Noodles Business Transactions for the years ending 31st December 2006 and 2007 are US\$47.3 million and US\$60.8 million, respectively. The aggregate Annual Cap for the Noodles Business applicable, on a pro rated basis, to the agreements which expire during 2008 and those which continue throughout 2008 is US\$30.9 million.

The relevant percentage ratios (as defined in the Listing Rules) applicable to the aggregate Annual Caps in respect of the Noodles Business Transactions for each of the years ending 31st December 2006, 2007 and 2008 exceed 2.5% and, therefore, the Noodles Business Transactions and their respective Annual Caps for each of those financial years are conditional on approval by the Independent Shareholders at the Shareholders' Meeting, in accordance with the requirements of Rule 14A.18 of the Listing Rules.

The relevant percentage ratios (as defined in the Listing Rules) applicable to the aggregate Annual Caps in respect of the Distribution Business Transactions do not exceed 2.5% and, therefore, each of those continuing connected transactions is not required to be approved by the Independent Shareholders, and accordingly their details, as set out in the Announcement, are not required to be included in this circular.

The Company has established the Independent Board Committee consisting of the Independent Directors, to advise Independent Shareholders of the Company as to whether the terms of the Noodles Business Transactions are fair and reasonable, whether such transactions are in the interests of the Company and its shareholders as a whole and to advise Independent Shareholders how to vote at the Shareholders' Meeting to be convened to consider those continuing connected transactions. The Company has appointed Somerley Limited as the Independent Financial Adviser to make recommendations to the Independent

LETTER FROM THE BOARD

Board Committee and the Independent Shareholders as to whether the terms of the Noodles Business Transactions are fair and reasonable and whether those transactions are in the interests of the Company and its shareholders as a whole and to advise the Independent Shareholders how to vote at the Shareholders' Meeting. The Independent Financial Adviser will also be required to explain why a period exceeding three years is required for the trademark and technical services agreement between Indofood and DUFIL, the trademark licence agreement between Indofood and Pinehill relating to the exclusive use of the "Indomie" and "Supermi" trademarks and the technical services agreement between PIPS and Pinehill, and confirm that it is normal business practice for such a contract to be of a duration of more than three years.

The purpose of this circular is to provide shareholders of the Company with the information required by the Listing Rules in relation to the Noodles Business Transactions, and to convene the Shareholders' Meeting at which resolutions will be proposed to consider and, if thought fit, approve those continuing connected transactions. The notice convening the Shareholders' Meeting is set out on pages 44 to 46 of this circular.

This circular also sets out:

- (i) on page 16, a separate letter from the Independent Board Committee advising the Independent Shareholders whether, in the opinion of the Independent Board Committee after taking into account the recommendations of the Independent Financial Adviser, the terms of the Noodles Business Transactions are fair and reasonable and in the interests of the Company and its shareholders as a whole and advising the Independent Shareholders how to vote in respect of the resolutions to approve those continuing connected transactions at the Shareholders' Meeting; and
- (ii) on pages 17 to 35, a separate letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders as to whether the terms of the Noodles Business Transactions are fair and reasonable and in the interests of the Company and its shareholders as a whole and advising the Independent Shareholders how to vote in respect of the resolutions to approve those continuing connected transactions at the Shareholders' Meeting, and in relation to the transactions between Indofood and DUFIL, Indofood and Pinehill, and PIPS and Pinehill advising that it is normal business practice for such a contract to be of a duration of more than three years.

The attention of the Independent Shareholders is specifically drawn to those letters of advice.

Each of the continuing connected transactions described in this circular (further details of which are set out below) constitutes a continuing connected transaction for the Company under Rule 14A.14 of the Listing Rules because the counterparties to the relevant transactions with the Indofood Group are Associates of Mr. Anthoni Salim, the Chairman of the Company, President Director and Chief Executive Officer of Indofood and a substantial shareholder of the Company.

LETTER FROM THE BOARD

REASONS FOR THE ENTERING INTO OF THE CONTINUING CONNECTED TRANSACTIONS

The relevant members of the Indofood Group have entered into the continuing connected transactions as part of their regular ongoing business arrangements in relation to the business and operations of the Indofood Group.

In respect of the Noodles Business Transactions, following success in recent years not limited to increased product awareness, sales volumes and distribution networks, both the Company and Indofood envisage that there is considerable potential for market growth and the capture of future market development opportunities in the Saudi Arabian, Middle East, and Nigerian markets, and have therefore made positive decisions in relation to their operations in these markets in order to capitalise on such opportunity. It is intended that maintaining the current continuing connected transactions referred to in this circular will allow the Company and Indofood to sustain established long-term relationships with DUFIL and Pinehill. Furthermore, it is anticipated that this will in turn allow for the Company and Indofood to benefit from the distribution networks and customer relations of DUFIL and Pinehill and their future growth within the Nigerian, Saudi Arabian and Middle East instant noodle markets. In addition, the transactions are entered into by the Indofood Group with DUFIL and Pinehill to ensure that the instant noodle products produced by DUFIL and Pinehill under the "Indomie" brand and "Supermi" brand for Pinehill are of a high quality standard such as to enable "Indomie" to build brand equity, in the case of DUFIL in Nigeria and, possibly over the long term, in Africa and, in the case of Pinehill, in Saudi Arabia and the Middle East.

The benefits which are expected to accrue to the Indofood Group and the Company as a result of the Noodles Business Transactions are the enhancement of facilities, assets and resources utilisation with profitable margins and increases in market share, revenue and operational profitability of Indofood's major businesses.

LETTER FROM THE BOARD

DETAILS OF THE NOODLES BUSINESS TRANSACTIONS

Details of the Noodles Business Transactions and their applicable Annual Caps in respect of the financial years ending 31st December 2006, 2007 and 2008 are summarised below:

Table of Noodles Business Transactions

Parties to the agreement/arrangement		Nature of agreement/arrangement	Period covered by the agreement/arrangement		Annual Cap for the			Transaction amount for the year ended 31st December 2005 (for reference) (US\$ millions)
					year ending 31st December 2006 (US\$ millions)	year ending 31st December 2007 (US\$ millions)	year ending 31st December 2008 (US\$ millions)	
FID	DUFIL	Sales and supply of food ingredients and noodles seasonings from FID to DUFIL.	From 1st April 2005	To 31st March 2008	18.8	26.0	8.1 in respect of the period from 1st January 2008 to the expiry of the agreement on 31st March 2008.	8.2
CKA	DUFIL	Sales and supply of flexible packaging from CKA to DUFIL for the production of instant noodles products.	Agreement executed on 1st April 2005. Addendum executed on 3rd October 2005. ⁽³⁾	2nd October 2008 ⁽³⁾	6.0	8.4	8.0 in respect of the period from 1st January 2008 to the expiry of the agreement on 2nd October 2008.	3.3

LETTER FROM THE BOARD

Parties to the agreement/arrangement		Nature of agreement/arrangement	Period covered by the agreement/arrangement		Annual Cap for the			Transaction amount for the year ended 31st December 2005 (for reference) (US\$ millions)
			From	To	year ending 31st December 2006 (US\$ millions)	year ending 31st December 2007 (US\$ millions)	year ending 31st December 2008 (US\$ millions)	
Indofood Group	DUFIL	Trademark license for the exclusive use by DUFIL of the "Indomie" trademark owned by Indofood in the Nigerian market and provision of related technical services in connection with DUFIL's instant noodles manufacturing operations in Nigeria.	Agreement executed on 1st November 2002 and became effective on approval by the relevant Nigerian authorities on 30th November 2002. As a condition of the approval, the relevant Nigerian authorities specified the duration of the agreement to be a period of four years from the date of approval of the agreement by the authorities i.e. expiring on 29th November 2006. ⁽³⁾	29th November 2006 ⁽³⁾	3.4 ⁽¹⁾	4.7 ⁽¹⁾	6.1 ⁽¹⁾	1.6
FID	Pinehill	Sales and supply of food ingredients and noodles seasonings from FID to Pinehill		31st March 2008	13.5	14.9	4.3 in respect of the period from 1st January 2008 to the expiry of the agreement on 31st March 2008.	8.1

LETTER FROM THE BOARD

Parties to the agreement/arrangement		Nature of agreement/arrangement	Period covered by the agreement/arrangement		Annual Cap for the			Transaction amount for the year ended 31st December 2005 (for reference) (US\$ millions)
			From	To	year ending 31st December 2006 (US\$ millions)	year ending 31st December 2007 (US\$ millions)	year ending 31st December 2008 (US\$ millions)	
CKA	Pinehill	Sales and supply of flexible packaging from CKA to Pinehill for the production of instant noodles.	1st April 2005	31st March 2008	3.3	4.0	1.2 in respect of the period from 1st January 2008 to the expiry of the agreement on 31st March 2008.	2.2
Indofood	Pinehill	Trademark licensing for the exclusive use by Pinehill of the "Indomie" and "Supermi" trademarks owned by Indofood in the Saudi Arabian and Middle East markets.	1st January 2006	31st December 2010	0.8 ⁽²⁾	0.9 ⁽²⁾	1.1 ⁽²⁾	0.5
PIPS	Pinehill	Provision of technical services by PIPS to Pinehill in connection with instant noodles manufacturing in Saudi Arabia and the Middle East.	1st January 2006	31 December 2010	1.5 ⁽²⁾	1.9 ⁽²⁾	2.1 ⁽²⁾	1.0

Aggregate Annual Cap Amount

47.3

60.8

30.9

24.9

LETTER FROM THE BOARD

Notes:

- (1) The Annual Caps for the trademark licence agreement between Indofood and DUFIL are stated on a basis that the Independent Financial Adviser has reached the opinion that it is necessary for the agreement to be of a longer period than three years and that it is normal business practice for contracts of this type to be of a duration of more than three years and assuming that the extension of the agreement to 29th November 2010 is approved by the Independent Shareholders at the Shareholders' Meeting.
- (2) The Annual Caps for each of these agreements (being the trademark licensing agreement between Indofood and Pinehill and the technical services agreement between PIPS and Pinehill) are stated on a basis that the Independent Financial Adviser has confirmed its earlier opinion that it is necessary for these agreements to be of a longer period than three years and that it is normal business practice for contracts of this type to be of a duration of more than three years and assuming that the extension of the agreements to 31st December 2010 is approved by the Independent Shareholders at the Shareholders' Meeting.
- (3) For the agreements between CKA and DUFIL and between Indofood and DUFIL, in each case the period covered by the agreement/arrangement is slightly different from that stated in the 2005 Announcement. In the case of the CKA and DUFIL agreement, the agreement was executed on 1st April 2005 and is for a period of three years, as stated in the 2005 Announcement. An addendum was executed on 3rd October 2005 and, as a result, the three year period was taken to be three years from the date of the addendum. In relation to the Indofood and DUFIL agreement, the agreement was executed on 1st November 2002, as stated in the 2005 Announcement. However, it did not become effective until approved by the relevant Nigerian authorities, which occurred on 30th November 2002. As a condition of granting their approval, the relevant Nigerian authorities specified the duration of the agreement to be a period of four years from the date of approval of the agreement by the authorities i.e. expiring on 29th November 2006.

INFORMATION IN RESPECT OF THE COUNTERPARTIES

Each of DUFIL and Pinehill, being the counterparties in relation to the Noodles Business Transactions, are engaged in the manufacturing and marketing of instant noodles, in the case of DUFIL, in Nigeria and, in the case of Pinehill, in Saudi Arabia and the Middle East.

Each of DUFIL and Pinehill are Associates of Mr. Anthoni Salim, the Chairman of the Company, President Director and Chief Executive Officer of Indofood and a substantial shareholder of the Company. Accordingly, each of the Noodles Business Transactions is a continuing connected transaction for the Company under the Listing Rules.

BASIS OF ANNUAL CAPS

The starting point for determining the proposed Annual Caps for the financial year ending 31st December 2006 are the corresponding transaction values for the financial year ended 31st December 2005 (referred to above). However, the estimated Annual Caps for the financial year ending 31st December 2006 show a substantial increase over those for 2005. This is reflective of substantial growth and significant success in recent years in the Nigerian business, and the Saudi Arabian and Middle East markets which is expected to be sustained. The Company and Indofood furthermore envisage that there is considerable potential of growth and the further development of these markets, and in order to capitalize on such opportunity have therefore made positive decisions to expand their operations in these markets.

LETTER FROM THE BOARD

The Annual Caps for the financial years ending 31st December 2007 and 2008 are based on the Annual Caps for the financial year ending 31st December 2006, assuming a normal level of growth in those businesses over that two-year period.

IMPLICATIONS UNDER THE LISTING RULES

Each of the continuing connected transactions described in this Circular constitutes a continuing connected transaction for the Company under Rule 14A.14 of the Listing Rules because the counterparties to the relevant transactions with the Indofood Group are Associates of Mr. Anthoni Salim, who is the Chairman of the Company, President Director and Chief Executive Officer of Indofood and a substantial shareholder of the Company.

The relevant percentage ratios (as defined in the Listing Rules) applicable to the aggregate Annual Caps in respect of the Noodles Business Transactions for each of the years ending 31st December 2006, 2007 and 2008 exceed 2.5% and, therefore, the Noodles Business Transactions and their respective Annual Caps for each of those financial years are conditional on approval by the Independent Shareholders at the Shareholders' Meeting, in accordance with the requirements of Rule 14A.18 of the Listing Rules.

Under Rule 14A.35(1) of the Listing Rules, in relation to the trademark and technical services agreement between Indofood and DUFIL, the trademark licence agreement between Indofood and Pinehill relating to the exclusive use of the "Indomie" and "Supermi" trademarks, and the technical services agreement between PIPS and Pinehill (described in more detail in the Noodles Business Transactions Table above), the Independent Financial Adviser have explained why a period exceeding three years is required and have confirmed that it is normal business practice for such contracts to have a duration of more than three years.

INFORMATION IN RESPECT OF THE COMPANY AND INDOFOOD

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.

Indofood is the premier processed-foods company in Indonesia, which offers total food solutions to its customers. It is based in Jakarta, and is listed on the Jakarta and Surabaya Stock Exchanges. Through its four major business units, Indofood offers a wide range of food products: Bogasari (flour and pasta), Consumer Branded Products (Noodles, Food Seasonings, Snack Foods, and Nutrition and Special Foods), Edible Oils and Fats (Plantations, Cooking Oils, Margarine and Shortening) and Distribution. Indofood is considered as one of the world's largest instant noodles manufacturer by volume, and the largest flour miller in Indonesia. Indofood's flourmill in Jakarta is one of the largest in the world in terms of production capacity in one location. It also has an extensive distribution network in the country.

LETTER FROM THE BOARD

RECOMMENDATIONS

Each of the Noodles Business Transactions is conditional on prior approval by the Independent Shareholders at the Shareholders' Meeting, in accordance with the requirements of Rule 14A.18 of the Listing Rules.

A separate letter from the Independent Board Committee advising the Independent Shareholders that, in the opinion of the Independent Board Committee formed after taking into account the recommendations of the Independent Financial Adviser, the terms of the Noodles Business Transactions are fair and reasonable and that those transactions are in the interests of the Company and its shareholders as a whole and advising Independent Shareholders to vote in favour of the resolutions to approve the Noodles Business Transactions at the Shareholders' Meeting is set out on page 16 of this circular. Shareholders' attention is drawn to the letter from the Independent Board Committee.

A separate letter from the Independent Financial Adviser, Somerley Limited, containing its advice to the Independent Board Committee and the Independent Shareholders that, having considered the matters set out in detail in that letter, the terms of the Noodles Business Transactions are fair and reasonable and are in the interests of the Company and its shareholders as a whole, advising Independent Shareholders to vote in favour of the resolutions to approve the Noodles Business Transactions at the Shareholders' Meeting, and in relation to the transactions between Indofood and DUFIL, Indofood and Pinehill, and PIPS and Pinehill, advising whether it is normal business practice for such a contract to be of a duration of more than three years, is set out on pages 17 to 35 of this circular. Shareholders' attention is also drawn to the letter from Somerley Limited, the Independent Financial Adviser.

The Board is of the view that the terms of the Noodles Business Transactions are fair and reasonable and are in the interests of the Company and its shareholders as a whole and, accordingly, the Board recommends that the Independent Shareholders vote in favour of the relevant resolutions to be proposed in relation to the Noodles Business Transactions at the Shareholders' Meeting.

SHAREHOLDERS' MEETING

A notice convening a meeting of the Company's shareholders to be held at 3:00 p.m. on Wednesday, 14th June 2006, at 24th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong, at which meeting resolutions will be proposed to consider and, if thought fit, approve the Noodles Business Transactions is set out on pages 44 to 46 of this circular. Voting on those resolutions will be conducted by way of a poll.

A Form of Proxy for use by the Independent Shareholders at the Shareholders' Meeting is enclosed. Whether or not you are available to attend the Shareholders' Meeting in person, you are requested to complete the accompanying Form of Proxy in accordance with the instructions printed thereon and return the same to the principal office of First Pacific Company Limited (Attention: Corporate Secretarial Department) at 24th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong as soon as possible and in

LETTER FROM THE BOARD

any event not less than 48 hours before the time appointed for holding the Shareholders' Meeting or any adjournment thereof. Completion and return of the Form of Proxy will not preclude you from attending and voting in person at the Shareholders' Meeting or any adjourned meeting should you so wish.

Under Rule 14A.18 of the Listing Rules, any connected person of the Company with a material interest in the Noodles Business Transactions is required to abstain from voting at the Shareholders' Meeting on the resolutions approving the Noodles Business Transactions. Accordingly, First Pacific Investments Limited and First Pacific Investments (BVI) Limited will abstain from voting at the Shareholders' Meeting on those resolutions, in respect of the shares they hold representing approximately 44.48% of the issued share capital of the Company. All other shareholders of the Company are entitled to vote at the Shareholders' Meeting on the resolutions proposed to approve the Noodles Business Transactions.

GENERAL INFORMATION

Your attention is drawn to the information set out in the Appendix to this circular.

Yours faithfully,
By Order of the Board
FIRST PACIFIC COMPANY LIMITED
Manuel V. Pangilinan
Managing Director and CEO

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



FIRST PACIFIC COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

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

(Stock Code: 00142)

22nd May 2006

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular of even date with this letter issued by the Company (the "Circular") to the shareholders of the Company of which this letter forms part. Terms defined in the Circular shall have the same meaning in this letter unless the context otherwise requires.

We have been appointed by the Board as the Independent Board Committee to give a recommendation to the Independent Shareholders in respect of the Noodles Business Transactions (including the applicable Annual Caps), details of which are set out in the letter from the Board contained in the Circular.

Having considered the terms of the Noodles Business Transactions (including the applicable Annual Caps) and the advice and opinion of the Independent Financial Adviser in relation thereto as set out on pages 17 to 35 of the Circular, the Independent Board Committee considers that the Noodles Business Transactions are in the ordinary course of business of the Group and the terms of the Noodles Business Transactions taken as a whole are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the shareholders of the Company as a whole. The Independent Board Committee also considers that the Annual Caps are fair and reasonable and it is necessary and normal business practice for trademark license and provision of technical services agreements with DUFIL and Pinehill to be of a period exceeding three years. Accordingly, the Independent Board Committee recommends that the Independent Shareholders vote in favour of the resolutions to be proposed at the Shareholders' Meeting to approve the agreements with DUFIL and Pinehill in relation to the Noodles Business Transactions, the Noodles Business Transactions and the Annual Caps.

The Independent Board Committee draws the attention of the Independent Shareholders to the letter from the Board and the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders which sets out the considerations and factors taken into account in arriving at its recommendations, each as contained in the Circular.

Yours faithfully,

Independent Board Committee

Edward K.Y. Chen

Independent Non-executive Director

Graham L. Pickles

Independent Non-executive Director

David W.C. Tang

Independent Non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the letter of advice from the Independent Financial Adviser, Somerley Limited, to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



SOMERLEY LIMITED
Suite 2201, 22nd Floor
Two International Finance Centre
8 Finance Street
Central
Hong Kong

22nd May 2006

*To: the Independent Board Committee and
the Independent Shareholders*

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders on the Noodles Business Transactions, in respect of which the Independent Shareholders' approval is being sought for the respective Annual Caps for each of the seven types of Noodles Business Transactions. Details of the Noodles Business Transactions and the applicable Annual Caps are set out in the letter from the Board contained in the circular of the Company to its shareholders dated 22nd May 2006 (the "Circular"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

The relevant members of the Indofood Group have entered into a series of agreements with DUFIL and Pinehill in relation to Indofood's noodles business. These transactions principally relate to the provision of noodle seasonings, packaging materials and related technical services, and the licensing of related trademarks by the Indofood Group to DUFIL and Pinehill. Each of the aforesaid transactions constitutes a continuing connected transaction for the Company under Rule 14A.14 of the Listing Rules because both DUFIL and Pinehill are Associates of Mr. Anthoni Salim, the Chairman and a substantial shareholder of the Company, and the President Director and Chief Executive Officer of Indofood. As the relevant percentage ratios (as defined in the Listing Rules) applicable to the aggregate Annual Caps in respect of the Noodles Business Transactions for each of the three years ending 31st December 2006, 2007 and 2008 exceed 2.5%, the Noodles Business Transactions and their respective Annual Caps for each of those financial years are conditional on approval of the Independent Shareholders at the Shareholders' Meeting in accordance with the requirements of Rule 14A.18 of the Listing Rules.

The Independent Board Committee, comprising all of the three independent non-executive Directors, namely Mr. Graham L. Pickles, Professor Edward K.Y. Chen and Mr. David W.C. Tang, has been established to make a recommendation to the Independent

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Shareholders on whether the Noodles Business Transactions are in the ordinary and usual course of business, the terms of the agreements for each of the seven Noodles Business Transactions are on normal commercial terms which are fair and reasonable, and the Annual Caps for each of the Noodles Business Transactions are fair and reasonable in so far as the Independent Shareholders are concerned. We, Somerley Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard. Furthermore, under Rule 14A.35(1) of the Listing Rules, we are required to explain why contract periods exceeding three years are required for the agreements relating to the trademark licensing and provision of technical services by Indofood Group to DUFIL and Pinehill, and to confirm that it is normal business practice for such contracts to have a duration of more than three years.

In formulating our opinion, we have relied on the information and facts supplied, and the opinions expressed, by the executive Directors and management of the Company and have assumed that the information and facts provided and opinions expressed to us are true, accurate and complete in all material aspects at the time they were made and up to the date of the Shareholders' Meeting. We have also sought and received confirmation from the executive Directors that no material facts have been omitted from the information supplied and opinions expressed to us. We have relied on such information and consider that the information we have received is sufficient for us to reach an informed view and have no reason to believe that any material information has been withheld, or to doubt the truth or accuracy of the information provided. We have, however, not conducted any independent investigation into the business and affairs of the Group, nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In considering whether the terms of the Noodles Business Transactions and the Annual Caps are fair and reasonable in so far as the Independent Shareholders are concerned, we have taken into account the principal factors and reasons set out below:

1. Background to and reasons for the Noodles Business Transactions

Indofood, a premier processed-foods company in Indonesia, offers total food solutions to its customers. It is based in Jakarta, and is listed on the Jakarta and Surabaya Stock Exchanges. Noodles, flour and edible oils and fats are the principal products of Indofood. It also has interests in food seasonings, snack foods, nutrition and special foods and distribution businesses. "Indomie" and "Supermi" are among the principal brands for Indofood's noodle products.

Based on our discussions with management, noodle manufacturing is primarily a localised business. Noodles are light, but relatively bulky in volume when packed and low in value so it is not normally economic to ship them great distances. For example, in 2005, approximately 98% of the noodles produced by Indofood were sold domestically within Indonesia. In addition, in a market like Saudi Arabia and the Middle East, consumers' taste preferences and the marketing/distribution methods used are considerably different from Indonesia. A local partner is therefore needed to provide Indofood with insight into such marketing factors.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The 41% shareholder of Pinehill had been the distributor of “Indomie” brand noodles prior to 1995. As volume built up, it became desirable for production lines to be installed locally but because of the uncertainty in the aftermath of the 1992 Gulf War, Indofood was not willing to risk the capital involved when this decision was being considered in 1994/95. In addition, the management of Indofood, which had been listed in Indonesia in 1994, wished to minimise the potential political and operational risk. Instead, Indofood decided to participate in the Middle East markets by entering into the trademark license agreement in 1995 with Pinehill, the shareholders of which had knowledge and expertise of such markets. This allowed Indofood to develop the Middle East markets for Indofood’s noodle products and to build up the brand equity of both “Indomie” and “Supermi” in these markets at little or no risk and enabled Indofood to benefit from local experience in such markets. To ensure the quality of instant noodles manufactured by Pinehill under the “Indomie” and “Supermi” brands, PIPS agreed to provide technical assistance to Pinehill in connection with Pinehill’s instant noodle manufacturing operation in Saudi Arabia and the Middle East and Indofood Group also agreed to supply noodle seasonings and packaging materials to Pinehill.

The 50% shareholder of DUFIL is experienced in food distribution in Nigeria. For similar reasons other than that regarding the aftermath of the 1992 Gulf War as described above, Indofood entered into a trademark and technical services agreement with DUFIL in 1995 to grant to DUFIL an exclusive use of the “Indomie” trademark in Nigeria. Indofood Group also agreed to supply noodle seasonings and packaging materials to DUFIL.

2. Principal terms of the Noodles Business Transactions

(i) Sales and supply of food ingredients and noodle seasonings

Pursuant to the noodle seasonings supply agreements with DUFIL and Pinehill, Indofood agrees to supply noodle seasoning materials such as seasoning powder, seasoning oil and ingredients to DUFIL and Pinehill to manufacture instant noodles for an initial term of three years from the date of the relevant agreements. The selling price shall be determined and agreed from time to time and paid within sixty days from the date of bill of lading.

We understand from the executive Directors that Indofood will not supply noodle seasoning materials to other party without a parallel trademark license agreement to preserve secrecy of the unique recipe for noodle seasoning. As at the Latest Practicable Date, only DUFIL and Pinehill were granted the right to use trademarks belonging to Indofood. Accordingly, there are no comparable third party transactions against which the prices of noodle seasoning products charged to DUFIL and Pinehill could be compared.

For the purpose of assessing the reasonableness of the prices of seasonings supplied to DUFIL and Pinehill, we have alternatively compared the gross profit margin of products sold to DUFIL and Pinehill with the gross profit margin of companies whose principal activities are the manufacture

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

and supply of seasoning products. For this purpose, we have identified Vedan International (Holdings) Limited (“Vedan”), a company listed on the main board of the Exchange, as a comparable company. Vedan is principally engaged in the manufacture and sale of fermentation-based amino acids, food additives products and cassava starch-based industrial products including modified starch, glucose syrup, monosodium glutamate (“MSG”), seasonings and beverages principally in Vietnam and other Asia countries. MSG is widely used as a food flavour enhancing product, the sales of which contributed approximately 70% of the total sales of Vedan for each of the two years ended 31st December 2004 and 2005. Based on the annual report of Vedan, Vedan recorded audited gross profit margin of approximately 17.2% in 2005. The gross profit margin enjoyed by Indofood from noodle seasoning sales to DUFIL and Pinehill is higher than that recorded by Vedan, which may be due to factors such as market and product differentiation. Moreover, the gross profit margin of Indofood generated from noodle seasonings sales to DUFIL and Pinehill is higher than the gross profit margin earned from the sales of instant noodles. The noodle seasonings are therefore high valued added products and the supply of such products by Indofood to DUFIL and Pinehill is in the interests of Indofood.

(ii) Sales and supply of flexible packaging materials

According to the terms of the flexible packaging supply agreements with DUFIL and Pinehill, CKA, a subsidiary of Indofood, supplies flexible packaging materials such as wrappers and lid seals (to Pinehill only in the case of lid seals) for instant noodles for a term of three years. For DUFIL, the selling price shall be determined and agreed between CKA and DUFIL from time to time and be reviewed on a quarterly basis. DUFIL has to settle the invoices within sixty days after the date of bill of lading by way of letter of credit. For Pinehill, the selling price is subject to review if the cost of one of the raw materials changes by more than 10%, and the sales invoices shall be settled within thirty days after the date of bill of lading. As advised by the executive Directors, the prices charged to DUFIL and Pinehill are fixed by arm’s length negotiations with reference to the then prevailing international market price for packaging materials. We further understand from the executive Directors that the packaging materials sold to Pinehill and DUFIL are principally the same with differences in specifications such as size and colour. For the purpose of assessing the reasonableness of the prices, we have compared the prices charged by CKA with quotations obtained by DUFIL from independent suppliers. We noted that the price charged by CKA was higher than the quotations by an independent supplier while the payment terms were similar.

(iii) Trademark licensing and provision of technical services

Indofood granted an exclusive right for DUFIL to use the “Indomie” trademark licence to manufacture instant noodles for sale in the Nigerian market. Indofood also granted Pinehill an exclusive right to use the “Indomie”

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

and “Supermi” trademarks to manufacture instant noodles for sale in Saudi Arabia and the Middle East.

To ensure the quality of instant noodles manufactured by DUFIL and Pinehill under the brands of “Indomie” and “Supermi” (for Pinehill only), Indofood and PIPS, a subsidiary of Indofood, agreed to provide technical assistance to DUFIL and Pinehill respectively in connection with their instant noodle manufacturing operations. Indofood and PIPS are responsible for, among other things, (i) assisting in the selection and procurement of machinery and equipment; (ii) system design and installation of machinery and equipment; and (iii) providing assistance in quality assurance, raw materials management and packaging. Through these technical assistance arrangements, Indofood can ensure that the instant noodle products manufactured by DUFIL and Pinehill under the “Indomie” and “Supermi” (for Pinehill only) brands are of appropriate quality.

The agreement in respect of the trademark licensing and provision of technical services with DUFIL is valid for a period of four years ending on 29th November 2006. The trademark licensing and provision of technical services agreements with Pinehill were valid for a period of five years which expired on 31st December 2005 and has been renewed for another five years commencing on 1st January 2006. DUFIL has to pay Indofood a royalty fee and technical services fee calculated at 1% each of the sales amount of “Indomie” products by DUFIL. For Pinehill, royalty fee is charged at 1% of the sales amount of “Indomie” and “Supermi” products by Pinehill. Pinehill is also required to pay PIPS a technical service fee which is currently calculated at 2% of the sales amount of “Indomie” and “Supermi” products by Pinehill.

In assessing the terms of the agreements for trademark licensing and provision of technical services, we noted that an associated company of Indofood has been granted a trademark licence and receives technical assistance from an independent international noodle manufacturer for royalty fee currently charged at 1% of sales of such associated company. A joint venture company of Indofood is also paying a fee calculated at 2.5% of its sales to an independent international food company for trademark licence and technical assistance. The royalty and technical services fees charged by Indofood to DUFIL are within the range of those charged by independent parties as indicated in the aforesaid two comparable transactions while the fees charged to Pinehill are above those charged by independent parties.

(iv) Review of the Noodles Business Transactions by the auditors

The auditors of the Company have performed a review of the Noodles Business Transactions for the year ended 31st December 2005 (the “Past Transactions”). We noted that save for certain late delivery of goods by Indofood Group and late payment of invoices, details of which are set out in the 2005 annual report of the Company, the auditors have confirmed that the Past Transactions were conducted in the manner stated in Rule 14A.38 of the Listing Rules.

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Based on the analysis above and the auditors' review of the Past Transactions, we consider that the Noodles Business Transactions are being conducted on normal commercial terms.

3. Annual Caps

The Noodles Business Transactions are subject to the Annual Caps whereby for each of the three financial years ending 31st December 2006, 2007 and 2008, the value of the Noodles Business Transactions will not exceed the applicable annual amounts stated in the letter from the Board contained in the Circular.

In assessing the reasonableness of the Annual Caps, we have discussed with the management of the Company the basis and underlying assumptions for projection of the growth in sales volume of food ingredients and packaging materials to DUFIL and Pinehill, and the expected trend in the prices of the products to be sold to DUFIL and Pinehill for the purpose of setting the Annual Caps.

The Noodles Business Transactions with DUFIL

- (i) Sales and supply of food ingredients and noodle seasonings (the "DUFIL Ingredient Transactions")

Set out below are the approximate values of the DUFIL Ingredient Transactions for the years ended 31st December 2003, 2004 and 2005:

	2003	2004	2005
	<i>(US\$'million)</i>	<i>(US\$'million)</i>	<i>(US\$'million)</i>
Value of DUFIL Ingredient Transactions	3.7	3.1	8.2
% change compared to previous year		-16.2%	+164.5%

The drop in sales of food ingredients and noodle seasonings in 2004 was mainly due to the decrease in the average seasonings selling price by approximately 10%. Moreover, DUFIL purchased fewer seasoning products from Indofood because seasonings inventory has been built up from purchases in 2003 and shipment by Indofood was delayed in late 2004.

Sales of food ingredients and noodle seasonings in 2005 increased substantially from 2004, principally due to the increase in the sales volume of packed noodles by DUFIL by approximately 75%. The increase in sales volume of food ingredients and seasonings, however, exceeds the increase in sales volume of noodle products by DUFIL because certain types of noodle pack may contain two seasoning packs, and DUFIL has built up its seasonings inventory in 2005 in anticipation of growth in sales.

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In view of the positive market reception of noodle products in the Nigerian market, the management of Indofood expects that the market demand for DUFIL's noodle products will continue to grow. In order to capitalise on such market growth potential and capture a bigger market share, DUFIL has indicated to Indofood that it plans to significantly increase its production capacity in 2006 and continue to increase its production capacity in 2007 and 2008. In order to gain a bigger market share, DUFIL also indicated that it plans to launch new products in the market and expand its distribution coverage. On the basis of such annual operating plan of DUFIL, Indofood expects that the sales volume of ingredients and seasoning products to DUFIL will also increase more or less in line with the increase in DUFIL's sales volume. For the purpose of setting the Annual Caps, the management of Indofood has also factored in a general increase in the unit price of seasoning products to be sold to DUFIL in 2006. Taking into account the aforesaid factors and after incorporating a general buffer to cater for unforeseen fluctuations in sales volume and price adjustments, the Annual Caps for the DUFIL Ingredient Transactions are set as follows:

	2006 <i>(US\$'million)</i>	2007 <i>(US\$'million)</i>	2008 <i>(US\$'million)</i>
Annual Caps for DUFIL			
Ingredient Transactions	18.8	26.0	8.1
% change compared to previous year	+129.3%	+38.3%	+24.6% on an annualised basis

As the agreement for the DUFIL Ingredient Transactions will expire on 31st March 2008, the Annual Cap for 2008 being sought for Independent Shareholders' approval represents cap for the three months ending 31st March 2008.

- (ii) Sales and supply of flexible packaging materials (the "DUFIL Packaging Transactions")

Set out below are the approximate values of the DUFIL Packaging Transactions for the years ended 31st December 2003, 2004 and 2005:

	2003 <i>(US\$'million)</i>	2004 <i>(US\$'million)</i>	2005 <i>(US\$'million)</i>
Value of DUFIL Packaging			
Transactions	1.1	1.4	3.3
% change compared to previous year		+27.3%	+135.7%

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The flexible packaging materials sold to DUFIL are used solely for packaging noodle products sold by DUFIL. The increase in the sales of packaging materials to DUFIL in the past few years was in general in line with the increase in sales volume of noodle products by DUFIL, albeit slight fluctuations may exist due to variation in the inventory level of noodle products and packing materials maintained by DUFIL. During the three years ended 31st December 2005, the volume of packaging materials sold to DUFIL represented an average of approximately 0.012% of the sales volume of noodle products by DUFIL. Based on such historical sales volume ratio, the sales volume projection contained in the annual operating plan of DUFIL and the assumption that the unit price of packaging materials will be maintained at the existing level, and having incorporated a general buffer to cater for unforeseen fluctuations in sales volume and price adjustments, the management of Indofood estimates that the Annual Caps for the DUFIL Packaging Transactions are as follows:

	2006 <i>(US\$'million)</i>	2007 <i>(US\$'million)</i>	2008 <i>(US\$'million)</i>
Annual Caps for DUFIL			
Packaging Transactions	6.0	8.4	8.0
% change compared to previous year	+81.8%	+40.0%	+27.0% on an annualised basis

As the agreement for the DUFIL Packaging Transactions will expire on 2nd October 2008, the Annual Cap for 2008 being sought for Independent Shareholders' approval represents cap for the period from 1st January to 2nd October 2008.

- (iii) Trademark licensing and provision of technical services (the "DUFIL Licensing and Technical Transactions")

According to the agreement with DUFIL regarding the DUFIL Licensing and Technical Transactions, royalty fee and technical services fee are calculated each at 1% of the sales amount of "Indomie" products by DUFIL. For each of the three years ended 31st December 2003, 2004 and 2005, the licensing and technical service fees charged to DUFIL amounted to approximately US\$0.6 million, US\$0.9 million and US\$1.6 million respectively. Based on the sales projection contained in the annual operating plan of DUFIL, the Annual Caps for the DUFIL Licensing and Technical Transactions are set at US\$3.4 million, US\$4.7 million and US\$6.1 million for each of the three years ending 31st December 2006, 2007 and 2008 respectively. Such Annual Caps represent increases of approximately 113%, 38% and 30% over the previous year and are in general in line with the projected increase by DUFIL of its noodle sales.

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The Noodles Business Transactions with Pinehill

- (i) Sales and supply of food ingredients and noodle seasonings (the “Pinehill Ingredient Transactions”)

Set out below are the approximate values of the Pinehill Ingredient Transactions for the years ended 31st December 2003, 2004 and 2005:

	2003 <i>(US\$'million)</i>	2004 <i>(US\$'million)</i>	2005 <i>(US\$'million)</i>
Value of Pinehill			
Ingredient Transactions	7.4	6.4	8.1
% change compared to previous year		-13.5%	+26.6%

Due to the consumption of seasonings inventory brought forward from 2003 and delay in shipment by Indofood in late 2004, there was a drop in the sales of food ingredients and noodle seasonings by Indofood to Pinehill in 2004. Sales of food ingredients and noodle seasonings in 2005 increased by approximately 26.6% over 2004, which was largely in line with the growth in Pinehill’s sales volume of packed noodles in 2005.

The noodle product sales of Pinehill recorded continuous growth in recent years. Sales volume of Pinehill recorded approximately an annual growth of 23% since 2003. The management of Pinehill intends that it will focus on those flavours that were well received by the market and at the same time launch new products gradually to build up its market share. In light of this, Pinehill plans to enhance its production capacity in 2006 and 2007 by installing new production lines. On the basis of such annual operating plan of Pinehill, Indofood expects that the sales volume of ingredients and seasoning products to Pinehill will also increase more or less in line with the increase in Pinehill’s projected sales volume. For the purpose of setting the Annual Caps, the management of Indofood expects that the unit price of seasoning products to be sold to Pinehill will be maintained at about the same current level. Taking into account the aforesaid factors and after incorporating a general buffer to cater for unforeseen fluctuations in sales volume and price adjustments, the Annual Caps for the Pinehill Ingredient Transactions are set as follows:

	2006 <i>(US\$'million)</i>	2007 <i>(US\$'million)</i>	2008 <i>(US\$'million)</i>
Annual Caps for Pinehill			
Ingredient Transactions	13.5	14.9	4.3
% change as compared to previous year	+66.7%	+10.4%	+15.4% on an annualised basis

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As the agreement for the Pinehill Ingredient Transactions will expire on 31st March 2008, the Annual Cap for 2008 being sought for Independent Shareholders' approval represents cap for the three months ending 31st March 2008.

- (ii) Sales and supply of flexible packaging materials (the "Pinehill Packaging Transactions")

Set out below are the approximate values of the Pinehill Packaging Transactions for the years ended 31st December 2003, 2004 and 2005:

	2003 <i>(US\$'million)</i>	2004 <i>(US\$'million)</i>	2005 <i>(US\$'million)</i>
Value of Pinehill Packaging Transactions	1.6	1.9	2.2
% change compared to previous year		+18.8%	+15.8%

The flexible packaging materials sold to Pinehill are used solely for packaging noodle products sold by Pinehill. The increase in the sales of packaging materials to Pinehill in the past few years was in general in line with the increase in sales of noodle products by Pinehill, though slight fluctuations may exist due to the different inventory level of products maintained by Pinehill. During 2005, Indofood also supplied lid seals to Pinehill for its noodle bowl products which are new noodle products launched by Pinehill. During the three years ended 31st December 2005, the volume of packaging materials sold to Pinehill represented an average of approximately 0.012% of the sales volume of noodle products by Pinehill. Based on such historical sales volume ratio, the sales volume projection included in the annual operating plan of Pinehill and the assumption that the unit price of packaging materials will be maintained at the same current level, and having incorporated a general buffer to cater for unforeseen fluctuations in sales volume and price adjustments, the management of Indofood estimates that the Annual Caps for the Pinehill Packaging Transactions are as follows:

	2006 <i>(US\$'million)</i>	2007 <i>(US\$'million)</i>	2008 <i>(US\$'million)</i>
Annual Caps for Pinehill Packaging Transactions	3.3	4.0	1.2
% change as compared to previous year	+50.0%	+21.2%	+20.0% on an annualised basis

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The expected increase in sales of packaging materials to Pinehill in 2006 partly corresponds to the expected growth in sales volume of Pinehill, and is partly due to the supply of lid seals to Pinehill for its noodle bowl products which were launched in 2005.

As the agreement for the Pinehill Packaging Transactions will expire on 31st March 2008, the Annual Cap for 2008 being sought for Independent Shareholders' approval represents cap for the three months ending 31st March 2008.

(iii) Trademark licensing (the "Pinehill Licensing Transactions")

Pursuant to the agreement with Pinehill regarding the Pinehill Licensing Transactions, royalty fee is calculated at 1% of the sales amount of "Indomie" and "Supermi" products by Pinehill. For each of the three years ended 31st December 2003, 2004 and 2005, the licensing fees charged to Pinehill amounted to approximately US\$0.4 million, US\$0.4 million and US\$0.5 million respectively. Based on the annual operating plan of Pinehill, the Annual Caps for the Pinehill Licensing Transactions are set at US\$0.8 million, US\$0.9 million and US\$1.1 million for each of the three years ending 31st December 2006, 2007 and 2008 respectively. Such Annual Caps represent increases of approximately 60%, 13% and 22% over the previous year and are in general in line with the increase in Pinehill's projected sales.

(iv) Provision of technical services (the "Pinehill Technical Transactions")

Pinehill has to pay a fee to PIPS for the technical services rendered. Such fee is currently calculated at 2% of the sales amount of "Indomie" and "Supermi" products by Pinehill and amounted to approximately US\$0.8 million, US\$0.9 million and US\$1.0 million respectively for each of the three years ended 31st December 2003, 2004 and 2005. Based on the annual operating plan of Pinehill, the Annual Caps for the Pinehill Technical Transactions are set at US\$1.5 million, US\$1.9 million and US\$2.1 million for each of the three years ending 31st December 2006, 2007 and 2008 respectively. Such Annual Caps represent increases of approximately 50%, 27% and 11% over the previous year and are in general in line with the increase in Pinehill's projected sales.

Having considered the basis on which the Annual Caps were determined as described above, we are of the view that the Annual Caps are fair and reasonable.

4. Conditions of the Noodles Business Transactions

In compliance with the Listing Rules, the conduct of the Noodles Business Transactions is subject to a number of conditions which include, among other things:

- (i) the Annual Caps for each of the three financial years ending 31st December 2006, 2007 and 2008 will not be exceeded;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (ii) the independent non-executive Directors must, in accordance with Rule 14A.37 of the Listing Rules, review annually the Noodles Business Transactions and confirm in the Company's annual report and accounts that the Noodles Business Transactions have been entered into (a) in the ordinary and usual course of business of the Company; (b) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from independent third parties; and (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole;
- (iii) the auditors of the Company will, in accordance with Rule 14A.38 of the Listing Rules, review annually the Noodles Business Transactions and they will confirm the same in a letter to the Directors (a copy of which letter will be provided to the Exchange at least ten business days prior to the bulk printing of the annual report of the Company) in respect of each relevant financial year during which the Noodles Business Transactions have been conducted;
- (iv) the Company will allow and will procure that the relevant counterparties to the Noodles Business Transactions will allow the auditors of the Company sufficient access to the relevant records of the Noodles Business Transactions for the purpose of the auditors' review as referred to in paragraph (iii) above. The Board must state in the annual report whether its auditors have confirmed the matters stated in Rule 14A.38 of the Listing Rules; and
- (v) the Company will comply with the applicable provisions of the Listing Rules governing connected transactions in the event that the total amount of the Noodles Business Transactions exceeds the Annual Caps, or that there is any material amendment to the terms of the relevant agreements governing the Noodles Business Transactions.

In light of the conditions attached to the Noodles Business Transactions, in particular, (i) the restriction of the value of the Noodles Business Transactions by way of the Annual Caps; (ii) the ongoing review by the independent non-executive Directors and auditors of the Company of the terms of the Noodles Business Transactions; and (iii) the continuing review by the auditors of the Company confirming the Annual Caps not being exceeded, we are of the view that appropriate measures will be in place to govern the conduct of the Noodles Business Transactions and safeguard the interests of the Independent Shareholders.

5. Duration of agreements regarding the DUFIL Licensing and Technical Transactions, the Pinehill Licensing Transactions and the Pinehill Technical Transactions

(i) Reasons for the duration of agreements exceeding three years

We have discussed with the executive Directors the rationale for the duration of the agreements regarding the DUFIL Licensing and Technical Transactions, the Pinehill Licensing Transactions and the Pinehill Technical Transactions. Pursuant to the trademark license agreement, Pinehill is responsible for manufacturing and marketing noodle products under the brands of "Indomie" and "Supermi" in Saudi Arabia and the Middle East. To carry out its responsibilities, Pinehill has had to invest in a series of production lines and to build up distribution channels. The marketing expenses as a percentage to annual sales spent by Pinehill to promote its noodle products nearly double that of Indofood. In view of the substantial capital commitments and allocation of significant resources to promote and market "Indomie" and "Supermi" noodle products, Pinehill required the security of extendable five-year trademark license and technical services agreements. From Indofood's point of view, such arrangement enables Indofood to receive recurring income from markets to which it did not wish to commit its own capital within a five-year time horizon. In order to ensure the quality of noodles manufactured by Pinehill under the brands of "Indomie" and "Supermi", PIPS and Pinehill also entered into a five-year renewable technical services agreement which means that the technical services agreement will be co-terminous with the corresponding trademark license agreement with Pinehill.

The agreement in relation to the DUFIL Licensing and Technical Transactions has to be approved by the relevant Nigerian authorities and as a condition for granting such approval, such agreement has to cover a period of four years.

(ii) Other relevant Indofood agreements

We have been informed that there are two other trademark/technical assistance agreements entered into by an associated company and a joint venture company of Indofood which are similar in nature to the agreements in relation to the DUFIL Licensing and Technical Transactions, the Pinehill Licensing Transactions and the Pinehill Technical Transactions. An associated company of Indofood has been granted a trademark licence and receives technical assistance from an independent international noodle manufacturer for a term of twenty seven years. In addition, one of the joint ventures of Indofood has also been granted a trademark licence and receives technical assistance from an independent international food company for an initial term of ten years with automatic renewal for successive terms of five years.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(iii) Third party agreements

Based on our own research, we have reviewed publicly available information regarding a number of trademark licensing or similar arrangements which involve contracts with terms in excess of three years. Generally speaking, they are for five years or longer. Relevant details are set out below:

Parties	Period of trademark licence	Details of the transactions
<p>(a) Asia Zirconium Limited (“Asia Zirconium”); and</p> <p>Jiangsu Xinxing Chemicals Group Corporation (“Xinxing Chemicals”)</p> <p>Date of license agreement: 12th July 2000</p>	<p>Throughout the legally valid period of the trademarks</p>	<p>Asia Zirconium and its subsidiaries are principally engaged in research, development, manufacture and sale of a wide range of zirconium chemicals, electronic materials (with zirconium), electronic ceramics, new energy materials and rechargeable batteries.</p> <p>Xinxing Chemicals is beneficially owned by a substantial shareholder and a director of Asia Zirconium.</p> <p>Pursuant to the trademark license agreement entered into between Xinxing Chemicals and Yixing Xinxing Zirconium Company Limited (“Yixing Xinxing Zirconium”), a wholly-owned subsidiary of Asia Zirconium, Xinxing Chemicals grants a licence to Yixing Xinxing Zirconium to use the “Long Jing” trademarks in Japan, the People’s Republic of China and the United States of America.</p>
<p>(b) BenQ Corporation (“BenQ”); and</p> <p>Siemens AG (“Siemens”)</p> <p>Date of announcement: 7th June 2005</p>	<p>Five years</p>	<p>BenQ agrees to purchase Siemens’ mobile phone business. As part of the acquisition, BenQ gains a right to use the brand name “BenQ-Siemens” for a period of five years from the closing of the deal.</p>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Parties	Period of trademark licence	Details of the transactions
<p>(c) Guangzhou Pharmaceutical Company Limited (“Guangzhou Pharmaceutical”); and</p> <p>廣州醫藥集團有限公司 (Guangzhou Pharmaceutical Holdings Limited) (“GPHL”)</p> <p>Date of license agreement: 1st September 1997</p>	<p>Ten years</p>	<p>Guangzhou Pharmaceutical and its subsidiaries are principally engaged in (i) manufacture and sales of Chinese patent medicine; (ii) wholesale, retail, import and export of Western and Chinese pharmaceutical products and medical apparatus; and (iii) research and development of natural medicine and biological medicine.</p> <p>GPHL is a state-owned enterprise in the People’s Republic of China and a controlling shareholder of Guangzhou Pharmaceutical.</p> <p>GPHL grants to Guangzhou Pharmaceutical a right to use thirty-eight trademarks for its products.</p>
<p>(d) Lenovo Group Limited (“Lenovo”); and</p> <p>International Business Machines Corporation (“IBM”)</p> <p>Date of license agreement: 7th December 2004</p>	<p>Five years</p>	<p>Lenovo and its subsidiaries are principally engaged in the provision of advanced information technology products and services.</p> <p>Lenovo acquired from IBM certain assets and assumed certain liabilities in connection with IBM’s personal computing business.</p> <p>IBM grants to a subsidiary of Lenovo for use of certain IBM’s trademarks for the identification of certain products in marketing and advertising in connection with the personal computing business acquired by Lenovo.</p>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Parties	Period of trademark licence	Details of the transactions
<p>(e) Shandong Xinhua Pharmaceutical Company Limited (“Shandong Xinhua”); and</p> <p>山東新華醫藥集團有限責任公司 (Shandong Xinhua Pharmaceutical Group Company Limited) (“SXPG”)</p> <p>Date of license agreement: 7th December 1996</p>	<p>Throughout the validity period of the trademark, being 28th February 2013, subject to further renewal of the registration of the trademark</p>	<p>Shandong Xinhua and its subsidiaries are principally engaged in development, production and sales of bulk pharmaceuticals, preparations, chemical products and other products.</p> <p>SXPG, a controlling shareholder of Shandong Xinhua, grants to Shandong Xinhua the right to use the trademark “Xinhua” for the existing and future products of Shandong Xinhua in and outside the People’s Republic of China.</p>
<p>(f) TCL Communication Technology Holdings Limited (“TCL Communication”); and</p> <p>Alcatel</p> <p>Date of license agreement: 31st August 2004</p>	<p>Ten years and automatically renewed every two years until terminated by prior notice</p>	<p>TCL & Alcatel Mobile Phones Limited (“T&A Mobile”) was owned as to 55% by TCL Communication and as to 45% by Alcatel as at the date of the license agreement.</p> <p>T&A Mobile is principally engaged in the business of research and development, subcontracting of manufacturing, sale and distribution of mobile handsets and the peripheral devices.</p> <p>Alcatel grants to T&A Mobile a worldwide right and licence to use certain trademarks bearing the name or logo of “Alcatel” in connection with, among other things, the manufacture, sale and marketing of mobile handsets manufactured or assembled by T&A Mobile or the group of TCL Communication.</p>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Parties	Period of trademark licence	Details of the transactions
<p>(g) TCL Multimedia Technology Holdings Limited (“TCL Multimedia”) (formerly known as “TCL International Holdings Limited”); and Thomson S.A. (“Thomson”)</p> <p>Date of circular: 31st May 2004</p>	<p>Twenty years</p>	<p>Both of TCL Multimedia and Thomson contribute certain of their respective businesses and assets relating to television to TTE Corporation (“TTE”) which is owned as to 67% by TCL Multimedia and as to 33% by Thomson.</p> <p>Pursuant to the trademark license agreement entered into between TTE and Thomson, Thomson grants to TTE a licence to use certain of its registered trademarks including “Thomson”, “RCA”, “Scenium”, “LiFE” and “SABA” for the manufacture and sale of television products in certain countries in the North America, Europe and other regions.</p>
<p>(h) 廣州王老吉藥業股份有限公司 (Guangzhou Wang Lao Ji Pharmaceutical Company Limited) (“WLJ”); and GPLH</p> <p>Date of license agreement: 8th November 2004</p>	<p>Until GPLH is no longer the owner of the trademarks</p>	<p>WLJ is principally engaged in the production, processing and sales of Chinese pharmaceutical products and health care products in the People’s Republic of China.</p> <p>GPLH grants to WLJ, a jointly controlled entity of Guangzhou Pharmaceutical, a right to use certain trademarks for manufacturing WLJ’s products in the People’s Republic of China.</p>

Source: The announcements, annual reports and circulars issued by parties to the aforesaid agreements which are companies listed on the Exchange, or information released by the relevant parties in their official websites.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In the cases of Asia Zirconium, Guangzhou Pharmaceutical, Shandong Xinhua and WLJ, shareholders have granted trademark licences to listed issuers or its associated company (for WLJ's case) to support and develop the listed issuer's businesses. Other cases involve cross-border mergers and acquisitions undertaken with a view to establishing long-term strategic relationships, where the companies involved wish to make use of well-known brands to further develop their international businesses. We also note another cross-border acquisition whereby TPV Technology Limited ("TPV") acquired certain research, development and manufacturing activities in the field of monitors and flat screen televisions and related original equipment manufacturer sales from Koninklijke Philips Electronics N.V. ("Philips"). As part of the acquisition, Philips undertook to purchase certain monitors and flat screen televisions from TPV for a term of five years (with a right of first refusal for a further five years) and TPV undertook to supply them.

We consider the circumstances of Indofood with DUFIL and Pinehill are broadly similar to the above, in that they involve arrangements to underpin the long-term development of international business. A number of the above examples include an acquisition as part of the transactions in question. Though Indofood is not engaged in a merger or acquisition transaction with DUFIL or Pinehill, the agreements have a common goal with the above transactions, that is establishing long-term strategic relationships among the parties. By granting the "Indomie" and/or "Supermi" (for Pinehill only) trademark licences for a renewable term exceeding three years, Indofood has established a strategic relationship with DUFIL and Pinehill, and is able to leverage on the resources of DUFIL and Pinehill to promote and build up the "Indomie" and/or "Supermi" (for Pinehill only) brands in Saudi Arabia, the Middle East and Nigeria. A three-year arrangement is not generally considered sufficient for this type of strategic international co-operation, as is illustrated by the above cases.

We understand from our discussions with the management of Indofood that the trademark licensing and the provision of technical services are linked, as Indofood would not be willing to grant DUFIL and Pinehill the right to use its brand names without a parallel provision of technical services to DUFIL and Pinehill to ensure the products being produced by DUFIL and Pinehill are of the appropriate quality. We concur with the rationale behind linking the trademark licensing and the provision of technical services.

In light of the above, we are of the opinion that the duration of the trademark license agreement and technical services agreement for a period of more than three years is in line with normal business practice for international contracts of this type.

OPINION

Having taking into account the above principal factors, we consider that the Noodles Business Transactions are in the ordinary and usual course of business of the Group and the terms of the agreements with DUFIL and Pinehill in relation to the Noodles Business Transactions are on normal commercial terms. We also consider that the terms of the agreements with DUFIL and Pinehill in relation to the Noodles Business Transactions and the Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned and that the entering into of the Noodles Business Transactions is in the interests of the Company and the shareholders of the Company as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Given that (i) Indofood wished and continues to wish to develop its business in Saudi Arabia, the Middle East and Nigeria without incurring material capital risk or risk of potential damage to the brands; (ii) Indofood concluded, and we agree, that a local partner was in any case necessary to cater for local tastes and marketing methods; (iii) Pinehill is a suitable partner but was unwilling to make and sustain the considerable capital commitments necessary to establish and develop the business without at least a rolling five-year agreement; and (iv) the relevant Nigerian authorities imposed a condition for the agreement in relation to the DUFIL Licensing and Technical Transactions for a term of four years, we are of the opinion that it is necessary for the trademark license and provision of technical services agreements to be of a longer period than three years. Based on our research into the other trademark licensing and similar arrangements summarised above, we also consider it is normal business practice for agreements of a similar nature to the agreements with DUFIL and Pinehill where long term international business relationships and development are concerned to be of a duration of more than three years.

Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the Shareholders' Meeting to approve the agreements with DUFIL and Pinehill in relation to the Noodles Business Transactions, the Noodles Business Transactions and the Annual Caps.

Yours faithfully,
for and on behalf of
SOMERLEY LIMITED
M.N. Sabine
Chairman

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

(i) Interests of Directors in the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares of the Company, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which: (a) were required to be notified to the Company and the Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) were required pursuant to section 352 of the SFO to be entered in the register referred to therein; or (c) are required, pursuant to the Model Code, to be notified to the Company and the Exchange were as follows:

(a) Long positions in shares in the Company

Name	Ordinary shares	Approximate percentage of issued share capital (%)	Ordinary share options
Anthoni Salim	1,418,525,963 ^(c) (see Note 1)	44.48	–
Manuel V. Pangilinan	6,026,759 ^(p)	0.19	31,800,000
Edward A. Tortorici	13,132,129 ^(p)	0.41	31,800,000
Robert C. Nicholson	–	–	24,500,000
His Excellency Albert F. del Rosario	–	–	2,840,000

Name	Ordinary shares	Approximate percentage of issued share capital (%)	Ordinary share options
Benny S. Santoso	–	–	2,840,000
Graham L. Pickles	–	–	2,358,000
Edward K. Y. Chen, <i>GBS, CBE, JP</i>	–	–	2,840,000

^(c): Corporate interest, ^(p): Personal interest

Note 1: Mr. Anthoni Salim owns 100 per cent of First Pacific Investments (BVI) Limited which, in turn, is interested in 628,296,599 shares in the Company. Of this 33.334 per cent is held by Mr. Anthoni Salim directly, and 66.666 per cent by Salerni International Limited (a company which Mr. Anthoni Salim directly holds 100 per cent of the issued share capital). Mr. Anthoni Salim also owns 56.8 per cent of First Pacific Investments Limited which, in turn, is interested in 790,229,364 shares in the Company. Of this 10 per cent is held by Mr. Anthoni Salim directly, and 46.8 per cent by Salerni International Limited.

The remaining 43.2 per cent interest in First Pacific Investments Limited is owned as to 30 per cent by Mr. Sutanto Djuhar, 10 per cent by Mr. Tedy Djuhar and 3.2 per cent by Mr. Ibrahim Risjad, all of whom are non-executive directors of the Company.

(b) *Long positions in shares in associated corporations*

- Manuel V. Pangilinan owned 15,048,064 common shares^(p) in Metro Pacific Corporation (MPC), 196,362 common shares^(p) in the Philippine Long Distance Telephone Company (PLDT) and 360 preferred shares^(p) in PLDT as beneficial owner and a further 15,417 common shares in PLDT as nominee for another person, as well as 3,500,000 common shares^(p) in Pilipino Telephone Corporation.
- Edward A Tortorici owned 16,741,348 common shares^(p) in MPC and 104,874 common shares^(p) in PLDT.
- Sutanto Djuhar owned 15,520,335 ordinary shares^(c) in PT. Indofood Sukses Makmur Tbk. (Indofood).
- Tedy Djuhar owned 15,520,335 ordinary shares^(c) in Indofood.
- Ibrahim Risjad owned 6,406,180 ordinary shares^(c) in Indofood.
- Anthoni Salim owned 632,370 ordinary shares^(c) in Indofood.

- Albert F. del Rosario owned 100,025 common shares^(p) in PLDT, 1,560 preferred shares^(p) in PLDT, 32,231,970 preferred shares^(p) in Prime Media Holdings, Inc. (PMH) as nominee for another person, 4 common shares^(p) in PMH as beneficial owner, 100 common shares^(p) in Negros Navigation Co., Inc., 4,922 common shares^(p) in Costa de Madera Corporation, 19,999 common shares^(p) in FPD Savills Consultancy Philippines, Inc. as beneficial owner and one common share^(p) in FPD Savills Consultancy Philippines, Inc. as beneficiary of certain trusts, 15,000 common shares^(p) in Metro Pacific Land Holdings Inc., and 80,000 common shares^(p) in Metro Strategic Infrastructure Holdings, Inc.

^(p) = Personal interest, ^(c) = Corporate interest

As at the Latest Practicable Date, save as disclosed above, none of the Directors and chief executive of the Company were interested, or were deemed to be interested in the long and short positions in the shares, underlying shares of equity derivatives and debentures of the Company or any associated corporation (within the meaning of the SFO) which (a) were required to be notified to the Company and the Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code, to be notified to the Company and the Exchange.

(ii) Interests of Substantial Shareholders

As at the Latest Practicable Date, so far as is known to the Directors or the chief executive of the Company, the following parties, other than a Director or chief executive of the Company, have an interest or short position in the shares of the Company and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

- (a) First Pacific Investments Limited (“**FPIL-Liberia**”), which was incorporated in the Republic of Liberia, beneficially owned 790,229,364 ordinary shares as at the Latest Practicable Date, representing approximately 24.78 per cent of the Company’s issued share capital at that date. FPIL-Liberia is owned by the Chairman (Anthoni Salim) and three Non-executive Directors (Sutanto Djuhar; Tedy Djuhar and Ibrahim Risjad), in the proportions specified on page 37. Mr. Anthoni Salim is taken to be interested in the shares owned by FPIL-Liberia.

- (b) First Pacific Investments (BVI) Limited (“**FPIL-BVI**”), which was incorporated in the British Virgin Islands, beneficially owned 628,296,599 ordinary shares as at the Latest Practicable Date, representing approximately 19.70 per cent of the Company’s issued share capital at that date. Anthoni Salim, the Chairman of the Company, beneficially owns the entire issued share capital of FPIL-BVI and, accordingly, is taken to be interested in the shares owned by FPIL-BVI.
- (c) Brandes Investment Partners, LP (“**Brandes**”), a U.S. company, notified the Company that it held 415,082,387 ordinary shares of the Company in April 2006, representing approximately 13.02 per cent of the Company’s issued share capital. As at the Latest Practicable Date, the Company has not received any other notification from Brandes of any change to such holding.
- (d) Marathon Asset Management Limited (“**Marathon**”), a U.K. incorporated company, notified the Company that it held 204,709,173 ordinary shares of the Company in November 2005, representing approximately 6.42 per cent of the Company’s issued share capital. As at the Latest Practicable Date, the Company has not received any other notification from Marathon of any change to such holding.
- (e) Deutsche Bank Aktiengesellschaft (“**DBA**”), a Germany incorporated company, notified the Company that it held 176,524,000 shares of the Company (long position) in March 2006, representing approximately 5.54 per cent of the Company’s issued share capital, as well as 14,571,000 ordinary shares of the Company (short position), representing approximately 0.46 per cent of the Company’s issued share capital. As at the Latest Practicable Date, the Company has not received any other notification from DBA of any change to such holding.
- (f) Salerni International Limited (“**Salerni**”), which was incorporated in the British Virgin Islands, is interested in 1,418,525,963 shares of the Company (long position) as at the Latest Practicable Date representing approximately 44.48 per cent of the Company’s issued share capital, by way of its 46.8 per cent interest in FPIL-Liberia and its 66.666 per cent interest in FPIL-BVI.

3. SERVICE CONTRACTS

Mr. Edward A. Tortorici has a service contract with the Company expiring on 31st December 2007. The amount of fixed remuneration payable under the contract, excluding arrangements for pension payments, is currently US\$1,035,000 per annum, payable in arrears over 12 months at a rate of US\$86,250 per month.

The amounts of any variable remuneration payable under the contract include annual discretionary bonus equal to 0% to 50% of the base annual fee, participation in the share option scheme of the Company adopted on 24th May 2004 as well as any other perquisites and benefits customarily provided to senior executive officers of the Company. Upon the expiration of Mr. Tortorici's employment, he will be granted an augmented retirement benefit calculated based on two months' pay every completed year of full time service to the Company, starting from August 1987.

Other than as described above, no Director has an unexpired contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

4. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Group.

5. COMPETING INTERESTS AND MATERIAL CONTRACTS

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors or their respective associates have a controlling interest in a business which competes either directly or indirectly with the business of the Company.

There are no contracts or arrangements subsisting as at the Latest Practicable Date in which a Director is materially interested or which is significant in relation to the business of the Group.

As at the Latest Practicable Date no Director has any interest, direct or indirect, in any assets which have been, since the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to any member of the Group.

6. MATERIAL ADVERSE CHANGES

As disclosed in Note 39(C) to the 2005 audited consolidated financial statements of the Group in relation to events subsequent to 31 December 2005 and Metro Pacific's recapitalization and reorganization plan to raise fresh capital, the Group plans to participate up to approximately Pesos 791 million or US\$15 million in the proposed rights issue.

Save as disclosed above and save for a potential accounting loss or profit that may be recorded in the financial statements of the Group due to the increase or decrease in the value of the option liability, which has a strong correlation to the change in share price of PLDT, embedded in the face value of US\$199 million exchangeable notes which are exchangeable into shares of PLDT, the Directors are not aware of any material adverse

change in the financial or trading position of the First Pacific Group since 31st December 2005 (being the date to which the latest audited financial statements of the First Pacific Group were drawn up).

7. PROCEDURE FOR DEMANDING A POLL

In accordance with bye-law 79 of the Company's Bye-Laws, a poll may be demanded by:-

- (i) the chairman; or
- (ii) at least three (3) members present in person or by proxy for the time being entitled to vote at the meeting; or
- (iii) any member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (iv) a member or members present in person or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of the Company, 24th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong, during normal business hours up to 5th June 2006.

- (i) the Noodles Business Transactions, as follows:
 - (a) Sale and supply agreement between FID and DUFIL of 28th March 2005 effective from 1st April 2005 and the Addendum of 1st July 2005;
 - (b) Sale and supply agreement between CKA and DUFIL of 28th March 2005 and effective from 1st April 2005, and the Addendum of 3rd October 2005;
 - (c) Trademark and technical services agreement between Indofood and DUFIL of 1st November 2002;
 - (d) Sale and supply agreement between FID and Pinehill of 28th March 2005 effective from 1st April 2005;
 - (e) Sale and supply agreement between CKA and Pinehill of 28th March 2005 effective from 1st April 2005;

- (f) Trademark licensing agreement between Indofood and Pinehill of 1st February 1995 effective from 1st January 2006 and the supplementary agreements of 28th December 2001 and 25th August 2005; and
 - (g) Technical services agreement between PIPS and Pinehill of 1st February 1995 effective from 1st January 2006 and the supplementary agreements of 16th August 2005 and 25th August 2005.
- (ii) the letter from the Board, the text of which is set out on pages 4 to 15 of this circular;
 - (iii) the letter from the Independent Board Committee, the text of which is set out on page 16 of this circular;
 - (iv) the letter from the Independent Financial Adviser, the text of which is set out on pages 17 to 35 of this circular;
 - (v) this circular; and
 - (vi) the service contract between Mr. Tortorici and the Company expiring on 31st December 2007.

9. QUALIFICATIONS AND CONSENT OF EXPERT

- (a) The following is the qualification of the expert who has given opinions or advice contained in this Circular:

Name	Qualification
Sommerley Limited	A licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO

- (b) As at the Latest Practicable Date, Sommerley Limited had no shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of any member in the Group.
- (c) Sommerley Limited has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its letter and reference to its name in the form and context in which they appears respectively.

10. MISCELLANEOUS

- (i) The company secretary of the Company is Nancy L.M. Li, BA, FCS, FCIS.
- (ii) The qualified accountant of the Company is Joseph H.P. Ng, MBA, FCCA, CPA.
- (iii) The registered office of the Company is at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda. The head office and principal place of business of the Company is at 24th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong.
- (iv) The principal share registrar and transfer office is Butterfield Fund Services (Bermuda) Limited, Rosebank Centre, 11 Bermudiana Road, Pembroke, HM08, Bermuda.
- (v) The share registrar and transfer office (Hong Kong Branch) is Computershare Hong Kong Investor Services Limited at 46th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (vi) The English text of this circular shall prevail over the Chinese text in case of any inconsistency.



FIRST PACIFIC COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

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

(Stock Code: 00142)

NOTICE IS HEREBY GIVEN that an special general meeting of First Pacific Company Limited (the "Company") will be held at 3:00 p.m. on 14th June 2006 (Wednesday) in 24th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong to consider and, if thought fit, approve, with or without modifications, the following resolutions as ordinary resolutions of the Company:-

1. THAT the sale and supply agreement between FID (as defined in the circular issued by the Company on the date hereof to its shareholders (the "Circular")) and DUFIL (as defined in the Table of Noodles Business Transactions set out on page 9 of the letter from the Board contained in the Circular) dated 28th March 2005 (as more particularly described in the Circular), the performance of the transactions contemplated by that agreement and the Annual Caps (as defined in the Circular) applicable to that agreement as set out in the Circular be and are each hereby approved and that any director of the Company be and is hereby authorised to do such further acts and things and execute further documents and take all such steps which in his opinion may be necessary, desirable or expedient to implement and/or give effect to the terms of such agreement;
2. THAT the sale and supply agreement as amended by way of an addendum dated 3rd October 2005 between CKA (as defined in the Circular) and DUFIL (as defined in the Circular) dated 28th March 2005 (as more particularly described in the Table of Noodles Business Transactions set out on page 9 of the letter from the Board contained in the Circular), the performance of the transactions contemplated by that agreement and the Annual Caps (as defined in the Circular) applicable to that agreement as set out in the Circular be and are each hereby approved and that any director of the Company be and is hereby authorised to do such further acts and things and execute further documents and take all such steps which in his opinion may be necessary, desirable or expedient to implement and/or give effect to the terms of such agreement;
3. THAT the trademark and technical services agreement dated 1st November 2002, as amended and extended pursuant to a letter agreement entered into on 13th April 2006, between Indofood (as defined in the Circular) and DUFIL

- (as defined in the Circular) (as more particularly described in the Table of Noodles Business Transactions set out on page 10 of the letter from the Board contained in the Circular), the performance of the transactions contemplated by that agreement, the Annual Caps (as defined in the Circular) applicable to that agreement as set out in the Circular be and are each hereby approved, and that the duration of the agreement in excess of three years, which in accordance with Rule 14A.35 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, has been confirmed by the Independent Financial Adviser (as defined in the Circular) that it is of normal business practice for contracts of that type to be of such duration, be and is hereby approved, and that any director of the Company be and is hereby authorised to do such further acts and things and execute further documents and take all such steps which in his opinion may be necessary, desirable or expedient to implement and/or give effect to the terms of such agreement;
4. THAT the sale and supply agreement between FID (as defined in the Circular) and Pinehill (as defined in the Circular) dated 28th March 2005 (as more particularly described the Table of Noodles Business Transactions set out on page 10 of the letter from the Board contained in the Circular), the performance of the transactions contemplated by that agreement and the Annual Caps (as defined in the Circular) applicable to that agreement as set out in the Circular be and are each hereby approved and that any director of the Company be and is hereby authorised to do such further acts and things and execute further documents and take all such steps which in his opinion may be necessary, desirable or expedient to implement and/or give effect to the terms of such agreement;
 5. THAT the sale and supply agreement between CKA (as defined in the Circular) and Pinehill (as defined in the Circular) dated 28th March 2005 (as more particularly described in the Table of Noodles Business Transactions set out on page 11 of the letter from the Board contained in the Circular), the performance of the transactions contemplated by that agreement and the Annual Caps (as defined in the Circular) applicable to that agreement as set out in the Circular be and are each hereby approved and that any director of the Company be and is hereby authorised to do such further acts and things and execute further documents and take all such steps which in his opinion may be necessary, desirable or expedient to implement and/or give effect to the terms of such agreement;
 6. THAT the trademark licensing agreement dated 1st February 1995 as amended by way of supplemental agreement of 28th December 2001 and extended by way of supplemental agreement of 25th August 2005 in accordance with the terms of the agreement for a period of five years until 31st December 2010 between Indofood (as defined in the Circular) and Pinehill (as defined in the Circular) (as more particularly described in the Table of Noodles Business Transactions set out on page 11 of the letter from the Board contained in the Circular), the performance of the transactions contemplated by that agreement

and the Annual Caps (as defined in the Circular) applicable to that agreement as set out in the Circular be and are each hereby approved, and that the duration of the agreement in excess of three years, which in accordance with Rule 14A.35 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, has been confirmed by the Independent Financial Adviser (as defined in the Circular) that it is of normal business practice for contracts of that type to be of such duration, be and is hereby approved, and that any director of the Company be and is hereby authorised to do such further acts and things and execute further documents and take all such steps which in his opinion may be necessary, desirable or expedient to implement and/or give effect to the terms of such agreement; and

7. THAT the technical services agreement dated 1st February 1995 as amended by way of supplemental agreement of 16th August 2005 and extended by way of supplemental agreement on 25th August 2005 in accordance with the terms of the agreement for a period of five years until 31st December 2010 between PIPS (as defined in the Circular) and Pinehill (as defined in the Circular) (as more particularly described in the Table of Noodles Business Transactions set out on page 11 of the letter from the Board contained in the Circular), the performance of the transactions contemplated by that agreement and the Annual Caps (as defined in the Circular) applicable to that agreement as set out in the Circular be and are each hereby approved, and that the duration of the agreement in excess of three years, which in accordance with Rule 14A.35 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, has been confirmed by the Independent Financial Adviser (as defined in the Circular) that it is of normal business practice for contracts of that type to be of such duration, be and is hereby approved, and that any director of the Company be and is hereby authorised to do such further acts and things and execute further documents and take all such steps which in his opinion may be necessary, desirable or expedient to implement and/or give effect to the terms of such agreement.

By order of the Board
FIRST PACIFIC COMPANY LIMITED
Nancy L.M. Li
Company Secretary

Hong Kong
22nd May 2006