THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Prospectus or as to the action to be taken, you should consult your licensed securities dealer, other licensed corporation, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in First Pacific Company Limited, you should at once hand this Prospectus to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

A copy of each of the Prospectus Documents, having attached thereto the documents specified in the paragraph headed "Documents delivered to the Registrar of Companies" in Appendix III to this Prospectus, have been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies Ordinance, and will be filed with the Registrar of Companies of Bermuda on or as soon as reasonably practicable after the publication of this Prospectus. The Registrar of Companies in Hong Kong, the Registrar of Companies of Bermuda and the Securities and Futures Commission of Hong Kong take no responsibility for the contents of any of these documents.

Hong Kong Exchanges and Clearing Limited, the Stock Exchange and HKSCC take no responsibility for the contents of the Prospectus Documents, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Prospectus Documents.

Distribution of the Prospectus Documents into jurisdictions other than Hong Kong may be restricted by law. Persons into whose possession the Prospectus Documents come (including, without limitation, agents, custodians, nominees and trustees) should inform themselves of and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. In particular, subject to certain exceptions as determined by the Company, this Prospectus, the PAL or the EAF should not be distributed, forwarded to or transmitted in, into or from any of the Specified Territories.

Shareholders and Beneficial Owners are referred to the important information set out in the sections headed "Qualifying Shareholders and Closure of Register of Members", "Distribution of this Prospectus and the other Prospectus Documents", "Non-Qualifying Shareholders" and "Limited categories of persons in the Specified Territories who may be able to take up their rights under the Rights Issue" in this Prospectus. Shareholders and Beneficial Owners in the US, the UK and Canada are specifically referred to the sections of this Prospectus headed "Non-Qualifying Shareholders" and "Limited categories of persons in the Specified Territories who may be able to take up their rights under the Rights Issue". Except as otherwise set out herein the Rights Issue described in this Prospectus is not being made to Shareholders, Beneficial Owners or investors in the Specified Territories.

Shareholders, Beneficial Owners and any other persons having possession of this Prospectus and/or any of the other Prospectus Documents are advised to inform themselves of and to observe any legal requirements applicable thereto. No person in any Specified Territory receiving this Prospectus and/or any of the other Prospectus Documents may treat the same as an offer, invitation or solicitation to subscribe for any Rights Shares unless such offer, invitation or solicitation could lawfully be made without compliance with any registration or regulatory or legal requirements in such territory.

FIRST PACIFIC

FIRST PACIFIC COMPANY LIMITED

(Incorporated with limited liability under the laws of Bermuda)
Website: http://www.firstpacific.com
(Stock Code: 00142)

PROPOSED RIGHTS ISSUE BY FIRST PACIFIC COMPANY LIMITED OF 643,387,400 RIGHTS SHARES AT THE SUBSCRIPTION PRICE OF HK$3.40 PER RIGHTS SHARE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY FIVE EXISTING SHARES HELD

Joint Underwriters of the Rights Issue
(in alphabetical order)

CAZENOVE ASIA
A Standard Chartered group company

CREDIT SUISSE

HSBC

Unless otherwise stated, all references to times and dates in this Prospectus are references to Hong Kong time and Hong Kong dates, respectively.

The latest time for acceptance of and payment for the Rights Shares is 4:30 p.m. on Thursday, 19 November 2009. The procedures for acceptance and payment for the Rights Shares are set out in the section of this Prospectus headed "Procedures for Acceptance or Transfer".

Dealings in the Existing Shares and the Rights Shares in their nil-paid and fully-paid forms may be settled through CCASS established and operated by HKSCC. You should consult your licensed securities dealer, other licensed corporation, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange, as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the "General Rules of CCASS" and the "CCASS Operational Procedures" in effect from time to time.

It should be noted that the Underwriting Agreement grants the Underwriters the right to terminate their obligations under the Underwriting Agreement by notice to the Company at any time prior to the Latest Time for Termination if: (a) any of the following shall have come to the notice of the Underwriters or the Underwriters shall have reasonable cause to believe after the date of the Underwriting Agreement: (i) that any statement contained in any of the Announcement, the Prospectus Documents or any supplementary prospectus was or has become untrue, incorrect or misleading in any material respect; or (ii) that any matter has arisen or been discovered which would, if the Announcement, the Prospectus Documents or any supplementary prospectus had been issued at that time, constitute a material omission therefrom if it had not been disclosed in the Announcement, the Prospectus Documents or any supplementary prospectus; or (iii) that the Company is required by any applicable law or regulatory rule to issue a supplementary prospectus in connection with the Rights Issue; or (iv) that any of the warranties given by the Company pursuant to the Underwriting Agreement is (or would if repeated at that time be) untrue or breached; or (v) any event, act or omission which gives rise or is likely to give rise to any liability of the Company pursuant to the indemnities contained in the Underwriting Agreement; or (vi) any breach of any of the obligations or undertakings of the Company under the Underwriting Agreement; or (vii) any adverse change or prospective adverse change in the business or in the financial or trading position or prospects of the Company or any of its subsidiaries or PLDT which in the opinion of the Underwriters is material in the context of the Rights Issue; or (viii) any of the obligations or undertakings of the Controlling Shareholder under the Controlling Shareholder's Undertaking have not been complied with; or (ix) the permission to deal in and the listing of the Rights Shares (in their nil-paid and fully-paid forms) has been withdrawn by the Stock Exchange; or (x) any suspension in trading of Shares on the Stock Exchange for a continuous period of more than one Business Day (other than any suspension for the purpose of obtaining clearance from the Stock Exchange for the publication of the Announcement); (b) there develops, occurs, exists or comes into force: (i) any event or series of events in the nature of force majeure (including, without limitation, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out, outbreak or escalation of hostilities (whether or not war is declared) or declaration of national or international emergency or calamity or crisis) in Hong Kong or Bermuda or any other place in which the Company or any of its subsidiaries or PLDT conducts or carries on business; or (ii) any new law or regulation or any change in existing laws or regulations (or any change in the interpretation or application thereof by any court or other competent authority) in Hong Kong or Bermuda or any other place in which the Company or any of its subsidiaries or PLDT conducts or carries on business; or (iii) the declaration of a banking moratorium by the relevant Hong Kong authorities; or (iv) any event or series of events concerning or relating to or otherwise having an effect on, or any change in, local (including, without limitation, Hong Kong), national, regional or international financial, political, military, industrial, economic, legal, fiscal or regulatory matters or conditions; or (v) any change in the conditions of local, national or international securities markets (including, without limitation, the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange, the Singapore Stock Exchange, the Philippine Stock Exchange or the Indonesia Stock Exchange); or (vi) a change or development including a prospective change in taxation or exchange control in Hong Kong or Bermuda or any other place in which the Company or any of its subsidiaries or PLDT conducts or carries on business which will or may adversely affect the Company or any of its subsidiaries or PLDT or the present or prospective shareholders of the Company, and which, in any such case and in the absolute opinion of the Underwriters, will or may (A) be materially adverse to, or materially and prejudicially affect, the business or financial or trading position or prospects of the Company, its subsidiaries and PLDT as a whole or the Rights Issue or the success thereof; or (B) make it inadvisable or inexpedient to proceed with the Rights Issue; or (C) have the effect of making any part of the Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms.

4 November 2009

The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated. If the condition of the Rights Issue is not fulfilled, the Rights Issue will not proceed, in which case, a further announcement will be made by the Company at the relevant time. It should also be noted that the Shares have been dealt with on an ex-rights basis from Thursday, 29 October 2009 and that the Rights Shares are expected to be dealt with in their nil-paid form from Monday, 9 November 2009 to Monday, 16 November 2009 (both days inclusive). Such dealings will take place when the condition of the Rights Issue remains unfulfilled. Any person dealing in the securities of the Company up to the date on which such condition is fulfilled or waived and any person dealing in the nil-paid Rights Shares from Monday, 9 November 2009 to Monday, 16 November 2009 (being the first and last day of dealings in the nil-paid Rights Shares respectively) will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed. Any person dealing or contemplating any dealing in the securities of the Company and/or the Rights Shares in their nil-paid form during this period who is in any doubt about his or her position is recommended to consult his or her own professional adviser.

EXCEPT AS OTHERWISE SET OUT HEREIN, THE RIGHTS ISSUE DESCRIBED IN THIS PROSPECTUS IS NOT BEING MADE TO SHAREHOLDERS, BENEFICIAL OWNERS OR INVESTORS IN THE SPECIFIED TERRITORIES. This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful. None of the nil-paid Rights Shares, the fully-paid Rights Shares, this Prospectus, the PAL or the EAF will be registered under the securities laws of any of the Specified Territories and none of the nil-paid Rights Shares, the fully-paid Rights Shares, this Prospectus, the PAL or the EAF will qualify for distribution under any of the relevant securities laws of any of the Specified Territories (other than pursuant to any applicable exceptions as agreed by the Company). Accordingly, the nil-paid Rights Shares and the fully-paid Rights Shares may not be offered, sold, pledged, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, into or within any of the Specified Territories (other than pursuant to any applicable exceptions as agreed by the Company).

Shareholders with registered addresses in any of the Specified Territories and Beneficial Owners who are residents of the Specified Territories are referred to the sections of this Prospectus headed "Non-Qualifying Shareholders" and "Limited categories of persons in the Specified Territories who may be able to take up their rights under the Rights Issue".

Notice relating to investors in Australia
This Prospectus does not constitute a disclosure document under Part 6D.2 of the Corporations Act 2001 of the Commonwealth of Australia (the "Corporations Act 2001 (Cth)''). Accordingly, this Prospectus does not necessarily contain all of the information a prospective investor would expect to be contained in an offering document or which he/she may require to make an investment decision. The offer to which this Prospectus relates is being made in Australia in reliance on Class Order 00/183 issued by the Australian Securities and Investments Commission in July 2007. This Prospectus only constitutes an offer in Australia for sale of the nil-paid Rights Shares and fully-paid Rights Shares to persons who are recorded as holders of Shares on the relevant Record Date.

As any offer for the issue of the nil-paid Rights Shares and fully-paid Rights Shares under this Prospectus will be made without disclosure in Australia under Part 6D.2, the offer of those nil-paid Rights Shares and fully-paid Rights Shares for resale in Australia within 12 months of their sale may, under section 707(3) of the Corporations Act 2001 (Cth), require disclosure to investors under Part 6D.2 if none of the exemptions in section 708 of the Corporations Act 2001 (Cth) apply to that resale and if ASIC Class Order 00/214 does not apply.

This Prospectus is intended to provide general information only and has been prepared by the Company without taking into account any particular person's objectives, financial situation or needs. Recipients should, before acting on this information, consider the appropriateness of this information having regard to their personal objectives, financial situation or needs. Recipients should review and consider the contents of this document and obtain financial advice (or other appropriate professional advice) specific to their situation before making any decision to accept the offer of the nil-paid Rights Shares and fully-paid Rights Shares. This document was prepared under the law and operating rules of a foreign market, namely Hong Kong. The Company is not subject to the continuous disclosure requirements of the Corporations Act 2001 (Cth).

Notice relating to investors in Brazil
The Rights Issue does not constitute a public offer in Brazil. This document has not been filed or registered with the Brazilian Securities Commission, or *Comissão de Valores Mobiliários*. The Rights Shares (either nil paid or fully paid) will not be publicly traded in Brazil.

Notice relating to investors in Canada
Neither the nil-paid Rights Shares nor fully-paid Rights Shares may be distributed, directly or indirectly, in any province or territory of Canada or to or for the benefit of any resident of any province or territory of Canada except pursuant to an exemption from the requirement to file a prospectus or rights offering circular with regulatory bodies in the province or territory of Canada in which the offer or sale is made and only by a dealer duly registered under applicable laws in circumstances where an exemption from applicable registered dealer registration requirements is not available.

Notice relating to investors in France
Pursuant to Article 3.2.b of the Directive 2003/71/EC on the prospectus to be published when securities are offered to the public or admitted to trading, Article L.411-2 of the French Monetary and Financial Code and Article D.411-4 of the same Code, any offer that is exclusively directed to a restricted circle of investors consisting of less than one hundred investors in France does not constitute a public offering as provided in Article L.411-1 of same Code.

In order to comply with Article 211-3 of the General Regulation of the Autorité des Marchés Financiers (AMF), the Company therefore informs the investors participating in the Rights Issue that:

1. The Rights Issue does not require a prospectus to be submitted for approval to the AMF;

2. Persons or entities referred to in point 2°, Section II of Article L. 411-2 of the French Monetary and Financial Code may take part in the Rights Issue solely for their own account, as provided in Articles D. 411-1, D. 411-2, D. 734-1, D. 744-1, D. 754-1 and D. 764-1 of the French Monetary and Financial Code;

3. The financial instruments (including, but not limited to, right(s) issue of share(s) and share(s) of the Company) thus acquired cannot be distributed directly or indirectly to the public otherwise than in accordance with Articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the French Monetary and Financial Code.

Notice relating to investors in Ireland
This Prospectus and the information contained herein has been prepared and is intended for use in Ireland solely by those limited number of holders of Existing Shares in Ireland to whom it is sent by the Company. It may not be reproduced, redistributed or passed on to any other persons in Ireland or published in whole or in any part in Ireland for any other purpose. Any offer of securities contained in or considered to arise in or by virtue of this document is addressed to fewer than 100 persons in Ireland and accordingly there is no requirement to publish a prospectus pursuant to the Irish Prospectus (Directive 2003/71/EC) Regulations 2005 (Irish Prospectus Regulations).

Therefore, this Prospectus has not been prepared in accordance with Directive 2003/71/EC, the Irish Prospectus Regulations, or any measures made under such Directive or the laws of Ireland. Furthermore this document has not been reviewed by any regulatory authority in any EU Member State.

Notice relating to investors in Malaysia
This Prospectus has not been and will not be registered as a prospectus with the Malaysian Securities Commission ("SC") under the Capital Markets and Services Act 2007 ("CMSA"). However, this Prospectus will be deposited as an information memorandum with the SC within 7 days after the issue of this Prospectus. Accordingly, this Prospectus and any other document or material in connection with the issue or offer for sale, or invitation for acquisition of the nil-paid Rights Shares or fully-paid Rights Shares shall not be circulated nor distributed, nor may the nil-paid Rights Shares or fully-paid Rights Shares be issued, offered or sold, or be made the subject of an invitation for acquisition, whether directly or indirectly, to any person in Malaysia, other than pursuant to the Rights Issue (or other exempted exercise).

The approval of the SC has not been sought and, consequently, the nil-paid Rights Shares and fully-paid Rights Shares may not be made available, or offered for acquisition, nor may any invitation to acquire the nil-paid Rights Shares or fully-paid Rights Shares, whether directly or indirectly, be issued to any person in Malaysia unless such issue, offer or invitation is exempted from the requirement for the approval of the SC by virtue of schedule 5 to the CMSA.

Notice relating to investors in Malta
The contents of this Prospectus are not calculated to invite or induce persons to subscribe for or otherwise acquire an instrument and accordingly this document falls outside the parameters of the term investment advertisements as such terms are defined in the Investment Services Act of Malta.

Notice relating to investors in Portugal
No prospectus has been or will be registered, approved or passported into Portugal in respect of the nil-paid Rights Shares or fully-paid Rights Shares and therefore the nil-paid Rights Shares or fully-paid Rights Shares may not be or caused to be offered, marketed or distributed in Portugal nor may this Prospectus be or be caused to be distributed, disseminated or addressed to Portuguese-resident investors in circumstances that would constitute an offer of securities to the public under the Portuguese Securities Code.

Notice relating to investors in the PRC
If a Shareholder resident in the PRC and/or any other PRC resident (including both individuals and companies) wishes to invest in any nil-paid Rights Shares or fully-paid Rights Shares, it shall be responsible for complying with relevant laws of the PRC. The Company will not be responsible for verifying the PRC legal qualification of such Shareholder and/or resident, thus, should the Company suffer any losses and damages due to non-compliance with the relevant laws of the PRC by any such Shareholder and/or resident, the Shareholder and/or other resident shall be responsible to compensate the Company for the same.

The Company shall not be obliged to issue the nil-paid Rights Shares or fully-paid Rights Shares to any such Shareholder and/or other resident, if in the Company's absolute discretion issuing the nil-paid Rights Shares or fully-paid Rights Shares to them does not comply with the relevant laws of the PRC.

Notice relating to investors in Singapore
This Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Rights Shares may not be circulated or distributed, nor may the Rights Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) existing holders of Shares or (ii) pursuant to, and in accordance with the conditions of, an exemption under any provision of Subdivision (4) of Division I of Part XIII of the Securities and Futures Act, Chapter 289 of Singapore.

Notice relating to investors in South Africa
In order to comply with South African law, PALs sent to Qualifying Shareholders with registered addresses in South Africa will not be transferable. Qualifying Shareholders with registered addresses in South Africa should note that they may require the approval of the South African exchange control authorities if they wish to take up their entitlements. Such persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their rights.

Notice relating to investors in Spain
The Rights Issue does not constitute a public offer in Spain according to Article 30 bis of Act 24/1988, of 28 July, on the Securities Market, as amended, and thus, no prospectus in connection therewith shall be registered with the Spanish Securities Market Commission. According to the foregoing, no nil-paid Rights Shares or fully-paid Rights Shares may be publicly offered, sold or delivered, nor may any prospectus or any other offer or publicity material relating to the Rights Issue or the nil-paid Rights Shares or fully-paid Rights Shares be distributed, in the Kingdom of Spain by the Company or any person on its behalf, except in compliance with Spanish law and regulations.

Notice relating to investors in Taiwan
In order to comply with Taiwanese law, PALs sent to Qualifying Shareholders with registered addresses in Taiwan will not be transferable. The nil-paid Rights Shares and fully-paid Rights Shares have not been and will not be registered with the Financial Supervisory Commission ("FSC") of Taiwan pursuant to relevant securities laws and regulations of Taiwan and may not be offered or sold in Taiwan in the event that any such offer or sale would constitute an offer as defined under the Securities and Exchange Act of Taiwan and require the registration thereof or report thereon with or to the FSC. No individual or entity in Taiwan has been authorised to offer, sell or otherwise advise on the offer or sale of the nil-paid Rights Shares or fully-paid Rights Shares in Taiwan.

NOTICES

Notice relating to investors in the UK
The Prospectus Documents will be provided in the UK only to, and are directed only to (a) persons who have professional experience in matters relating to investments and who are investment professionals as specified in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) (the "**Financial Promotion Order**"); (b) persons falling within Article 49(2)(a)-(d) of the Financial Promotion Order ("high net worth companies, unincorporated associations etc."); or (c) persons to whom the Prospectus Documents may otherwise be lawfully distributed (all such persons together with "qualified investors" (as defined in the Prospectus Directive 2003/71/EC) being referred to as "**Relevant Persons**"). The Prospectus Documents and their contents must not be acted upon or relied upon in the UK by persons who are not Relevant Persons. Any investment or investment activity to which the Prospectus Documents relate is available only in the UK to Relevant Persons, and will be engaged in only with such persons. This Prospectus is exempt from the general restriction on the communication of invitations or inducements to enter into investment activity and has therefore not been approved by an authorised person, as would otherwise be required by section 21 of the Financial Services and Markets Act 2000. Any investment to which this Prospectus relates is only available to (and any investment activity to which it relates will be engaged in only with) Relevant Persons. Persons located in the UK who are not Relevant Persons should not take any action upon receipt of this Prospectus (or any of the other Prospectus Documents). By receiving this Prospectus (or any of the other Prospectus Documents) in the UK you are deemed to warrant to the Company that you fall within the categories of persons described above.

Notice relating to investors in the US
This Prospectus may not be circulated, distributed, forwarded, delivered or redistributed, electronically or otherwise, to persons within the US, and may not be relied upon as a basis for any investment decision or for any other purpose by any person within the US, save as provided below.

These materials do not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the US. The Rights Shares in their nil-paid and fully-paid forms have not been and will not be registered under the US Securities Act of 1933 or under any securities laws of any state or other jurisdiction of the US and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within the US except pursuant to an applicable exemption from the registration requirements of the US Securities Act of 1933 and in compliance with any applicable securities laws of any state or other jurisdiction of the US. The Rights Shares in both nil-paid and fully-paid forms, the Prospectus, the PAL and the EAF have not been approved or disapproved by the US Securities and Exchange Commission, any state's securities commission in the US or any US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Rights Shares in both nil-paid and fully-paid forms, the PAL and the EAF or the accuracy or adequacy of this Prospectus. There will be no public offer of these securities in the US. The Rights Shares in both nil-paid and fully-paid forms (1) are being offered and sold in offshore transactions in reliance on Regulation S under the Securities Act, and (2) may be offered and sold in the US to persons whom the Company reasonably believes to be "qualified institutional buyers'' within the meaning of Rule 144A of the Securities Act ("QIBs") in reliance on the exemption from the registration requirements of the Securities Act under Section 4(2) thereof and who have provided to the Company a signed investor representation letter in the form set out in Appendix IV to this Prospectus, in transactions exempt from the registration requirements of the Securities Act.

The Rights Shares offered outside the US are being offered in reliance on Regulation S under the Securities Act. Each purchaser or subscriber of Rights Shares being offered and sold the Rights Shares outside the US will be deemed to have represented and agreed, among other things, that the purchaser or subscriber is acquiring the Rights Shares in an offshore transaction meeting the requirements of Regulation S under the Securities Act.

In addition, until 40 days after the posting date of the Prospectus Documents, an offer, sale or transfer of the Rights Shares within the US by a broker/dealer (whether or not participating in the Rights Issue) may violate the registration requirements of the Securities Act.

NOTICE TO NEW HAMPSHIRE RESIDENTS
NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ("RSA 421-B") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

Enforceability of Judgments
The Company is a public company incorporated under the laws of Bermuda. Most of the members of the Board and most of the Company's employees are citizens or residents of countries other than the US. A substantial portion of the assets of such persons and all or substantially all the Company's assets are located outside the US. As a result, it may not be possible for investors to effect service of process within the US upon such persons or upon the Company, or to enforce judgments obtained in US courts, including judgments predicated upon civil liabilities under the securities laws of the US or any state or territory within the US. In addition, there may be substantial doubt as to the enforceability, in Bermuda, of original actions or actions for enforcement based on the federal securities laws of the US or judgments of US courts, including judgments predicated upon the civil liability provisions of the securities laws of the US.

Forward-Looking Statements
All statements in this Prospectus other than statements of historical fact are forward-looking statements. In some cases, forward-looking statements may be identified by the use of words such as "might", "may", "could", "would", "will", "expect", "intend", "estimate", "anticipate", "believe", "plan", "seek", "continue", "illustration", "projection" or similar expressions and the negative thereof. Forward-looking statements in this Prospectus include, without limitation, statements in respect of the Group's business strategies, product offerings, market position, competition, financial prospects, performance, liquidity and capital resources, as well as statements regarding trends in the relevant industries and markets in which the Group operates, technological advances, financial and economic developments, legal and regulatory changes and their interpretation and enforcement.

The forward-looking statements in this Prospectus are based on management's present expectations about future events. Management's present expectations reflect numerous assumptions regarding the Group's strategy, operations, industry, developments in the credit and other financial markets and trading environment. By their nature, they are subject to known and unknown risks and uncertainties, which could cause actual results and future events to differ materially from those implied or expressed by forward-looking statements. Should one or more of these risks or uncertainties materialise, or should any assumptions underlying forward-looking statements prove to be incorrect, the Group's actual results could differ materially from those expressed or implied by forward-looking statements. Additional risks not known to the Group or that the Group does not currently consider material could also cause the events and trends discussed in this Prospectus not to occur, and the estimates, illustrations and projections of financial performance not to be realised.

Prospective investors are cautioned that forward-looking statements speak only as at the date of publication of the Prospectus Documents. Except as required by applicable law, the Group does not undertake, and expressly disclaims, any duty to revise any forward-looking statement in this Prospectus, be it as a result of new information, future events or otherwise.

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In this Prospectus, unless the context otherwise requires, the following terms have the meanings set out below:

"ADSs"	American depositary shares of the Company, each representing 5 Shares and evidenced by American depositary receipts;
"ADS Holders"	holders of ADSs;
"Announcement"	the announcement of the Company dated 15 October 2009 announcing the Rights Issue;
"associate(s)"	has the meaning ascribed to it under the Listing Rules;
"Beneficial Owner"	any beneficial owner of Shares whose Shares are registered in the name of a Registered Owner;
"Board"	the board of Directors;
"Business Day"	a day (other than a Saturday or Sunday or any public holiday in Hong Kong) on which commercial banks in Hong Kong are generally open for business;
"Canadian Offering Memorandum"	the Canadian Offering Memorandum to be issued by the Company in connection with the Rights Issue and dated on or around the date of this Prospectus, to be sent to Shareholders with registered addresses in Canada;
"Cazenove Asia"	Cazenove Asia Limited, a licensed corporation under the SFO for Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities as defined under the SFO. Cazenove Asia Limited is a Standard Chartered group company. The mark "Cazenove" and marks containing "Cazenove" are trade marks of Cazenove IP Limited and are used under limited license. Cazenove Asia Limited, its subsidiaries and affiliated companies are now subsidiaries or affiliated companies of Standard Chartered Bank (Hong Kong) Limited, and are not affiliated with JPMorgan Cazenove Limited, Cazenove Inc., or their subsidiaries;
"CCASS"	The Central Clearing and Settlement System established and operated by HKSCC;
"CCASS Participant"	a person admitted by HKSCC as a participant of CCASS;
"Companies Ordinance"	the Companies Ordinance (Chapter 32 of the laws of Hong Kong), as amended or supplemented from time to time;

"Company"	First Pacific Company Limited, an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange;
"Controlling Shareholder"	Mr. Anthoni Salim, the Chairman of the Company and its ultimate controlling shareholder, as that expression is defined in and used for the purposes of the Listing Rules;
"Controlling Shareholder's Undertaking"	the irrevocable undertaking dated Wednesday, 14 October 2009 given by the Controlling Shareholder in favour of the Company and the Underwriters as described in this Prospectus;
"Credit Suisse"	Credit Suisse (Hong Kong) Limited, a licensed corporation under the SFO for Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) regulated activities as defined under the SFO;
"Director(s)"	director(s) of the Company;
"EAF(s)"	the excess application form(s) to be issued in connection with the Rights Issue;
"Existing Shares"	the Shares which were in issue at 5:00 p.m. on the Record Date;
"Group"	the Company and its subsidiaries;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"HKSCC"	Hong Kong Securities Clearing Company Limited;
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China;
"HSBC"	The Hongkong and Shanghai Banking Corporation Limited, a registered institution under the SFO, licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO and a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong);
"Intermediary"	in relation to a Beneficial Owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, means the Beneficial Owner's broker, custodian, nominee or other relevant person who is a CCASS Participant or who has deposited the Beneficial Owner's Shares with a CCASS Participant;

"Investor Participant"	a person admitted to participate in CCASS as an Investor Participant;
"Last Trading Day"	Tuesday, 13 October 2009, being the Trading Day immediately prior to the temporary suspension in trading of the Shares on the Stock Exchange pending the release of the Announcement;
"Latest Acceptance Date"	the latest date for acceptance of, and payment for, Rights Shares, which is expected to be Thursday, 19 November 2009 (or such other date to be agreed in writing between the Company and the Underwriters);
"Latest Practicable Date"	Friday, 30 October 2009, being the latest practicable date prior to the printing of this Prospectus for the purposes of ascertaining certain information contained in this Prospectus;
"Latest Time for Termination"	4:30 p.m. on the third Business Day after the Latest Acceptance Date (the Latest Time for Termination is expected to be Tuesday, 24 November 2009);
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"NI 31-103"	the meaning given on page 19 of this Prospectus;
"NI 45-106"	the meaning given on page 19 of this Prospectus;
"Non-Qualifying Shareholder(s)"	Shareholder(s) whose name(s) appeared in the register of members of the Company at 5:00 p.m. on the Record Date and whose address(es) as shown in such register is/are in any of the Specified Territories, except for those Shareholders with addresses in the US, the UK or Canada who fulfil, to the satisfaction of the Company, the relevant requirements specified in the section of this Prospectus headed "Limited categories of persons in the Specified Territories who may be able to take up their rights under the Rights Issue"; and any Shareholders or Beneficial Owners at that time who are otherwise known by the Company to be resident in any of the Specified Territories, except for those Shareholders or Beneficial Owners resident in the US, the UK or Canada who fulfil, to the satisfaction of the Company, the relevant requirements specified in the section of this Prospectus headed "Limited categories of persons in the Specified Territories who may be able to take up their rights under the Rights Issue";
"PAL(s)"	the provisional allotment letter(s) to be issued in connection with the Rights Issue;

"PLDT"	Philippine Long Distance Telephone Company, an associated company of the Group;
"PRC"	the People's Republic of China;
"Prospectus"	this prospectus to be issued containing details of the Rights Issue;
"Prospectus Documents"	the Prospectus, PAL and EAF;
"QIB(s)"	"qualified institutional buyers" within the meaning of Rule 144A of the Securities Act;
"Qualifying Shareholders"	persons whose names appeared in the register of members of the Company at 5:00 p.m. on the Record Date as holders of Shares, but excluding the Non-Qualifying Shareholders;
"Record Date"	Wednesday, 4 November 2009, the date by reference to which entitlement to participate in the Rights Issue was determined;
"Registered Owner"	in respect of a Beneficial Owner, means a nominee, trustee, depository or any other authorised custodian or third party which is the registered holder in the register of members of the Company of the Shares in which the Beneficial Owner is beneficially interested;
"Registrar"	the Company's branch share registrar in Hong Kong being Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong;
"Regulation S"	Regulation S under the Securities Act;
"Relevant Persons"	the meaning given on the cover pages of this Prospectus, under the heading "Notice relating to investors in the UK";
"Rights Issue"	the issue, by way of rights, of one (1) Rights Share for every five (5) Existing Shares held at 5:00 p.m. on the Record Date at the Rights Subscription Price, payable in full on acceptance;
"Rights Share(s)"	643,387,400 new Shares to be allotted and issued by way of rights to Qualifying Shareholders;
"Rights Subscription Price"	the subscription price of HK$3.40 per Rights Share;
"Securities Act"	U.S. Securities Act of 1933, as amended;
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time;

"Share(s)"	ordinary share(s) of US$0.01 each in the share capital of the Company;
"Share Options"	share options granted under the share option scheme of the Company adopted on 24 May 2004;
"Shareholders"	persons registered in the register of members of the Company as holders of Shares, except that where the registered holder of Shares is HKSCC Nominees Limited on behalf of CCASS shall also include, where the context so admits, the CCASS Participants whose CCASS stock accounts are deposited with such Shares;
"Specified Territories"	means the US, the UK and Canada;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Trading Day"	a day on which the Stock Exchange is open for trading;
"Underwriters" (in alphabetical order)	Cazenove Asia, Credit Suisse and HSBC;
"Underwriting Agreement"	the underwriting agreement dated 15 October 2009 entered into between the Company and the Underwriters in relation to the Rights Issue, as amended by an amendment agreement dated 4 November 2009 entered into between the same parties;
"Underwritten Rights Shares"	the Rights Shares, other than those agreed to be, or to be procured to be, taken up by the Controlling Shareholder (being 284,491,191 Rights Shares), underwritten by the Underwriters subject to the terms and conditions of the Underwriting Agreement (being 358,896,209 Rights Shares);
"UK"	the United Kingdom of Great Britain and Northern Ireland;
"US"	the United States of America (including its territories and dependencies, any state in the US and the District of Columbia);
"US$"	US dollar, the lawful currency of the United States of America; and
"%"	per cent.

Unless stated otherwise, translations of quoted currency values in this Prospectus are made on an approximate basis and at the rate of US$1.00 = HK$7.75. Percentages and figures expressed have been rounded.

In this Prospectus, unless the context otherwise requires, any reference to the singular includes the plural and vice versa and any reference to a gender includes a reference to the other gender and the neuter.

The following information is derived from, and should be read in conjunction with and subject to, the full text of this Prospectus:

What is the Rights Issue?	:	A means for the Company to raise additional funding by offering to the Company's existing Shareholders who are Qualifying Shareholders the right to subscribe for further Shares in proportion to their existing shareholdings.
Basis of the Rights Issue	:	Qualifying Shareholders are being offered the opportunity to subscribe for one (1) Rights Share for every five (5) Existing Shares held at 5:00 p.m. on the Record Date. For more information in relation to Qualifying Shareholders, see the sections of this Prospectus headed "Qualifying Shareholders and Closure of Register of Members", "Distribution of this Prospectus and the other Prospectus Documents", "Non-Qualifying Shareholders" and "Limited categories of persons in the Specified Territories who may be able to take up their rights under the Rights Issue", below.
Rights Subscription Price	:	HK$3.40 per Rights Share payable in full on acceptance.
Number of Shares in issue	:	3,216,937,003 as at the Latest Practicable Date.
Number of Rights Shares to be issued	:	643,387,400 Rights Shares.
Latest Acceptance Date	:	Expected to be Thursday, 19 November 2009.
Amount to be raised	:	Approximately HK$2,187.5 million (equivalent to approximately US$282.3 million) before expenses.
Excess applications	:	Qualifying Shareholders may apply for Rights Shares in excess of their provisional allotment (see the section below headed "Application for Excess Rights Shares"). Any Rights Shares available for excess application would be those Rights Shares (if any) representing unsold fractional entitlements (see the section headed "Fractional Entitlements", below) and any Rights Shares provisionally allotted but not accepted by Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares and any Rights Shares representing any unsold entitlements of the Non-Qualifying Shareholders (see the section headed "Non-Qualifying Shareholders", below).
Status	:	The Rights Shares, when allotted, issued and fully paid, will rank pari passu in all respects with the Shares then in issue such that holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions the record dates of which are on or after the date of allotment of the Rights Shares.
Underwriters (in alphabetical order)	:	Cazenove Asia, Credit Suisse and HSBC.

TERMINATION OF THE UNDERWRITING AGREEMENT

The Underwriters have the right to terminate the Underwriting Agreement by notice to the Company at any time prior to the Latest Time for Termination if:

(a) any of the following shall have come to the notice of the Underwriters or the Underwriters shall have reasonable cause to believe after the date of the Underwriting Agreement:

(i) that any statement contained in any of the Announcement, the Prospectus Documents or any supplementary prospectus was or has become untrue, incorrect or misleading in any material respect; or

(ii) that any matter has arisen or been discovered which would, if the Announcement, the Prospectus Documents or any supplementary prospectus had been issued at that time, constitute a material omission therefrom if it had not been disclosed in the Announcement, the Prospectus Documents or any supplementary prospectus; or

(iii) that the Company is required by any applicable law or regulatory rule to issue a supplementary prospectus in connection with the Rights Issue; or

(iv) that any of the warranties given by the Company pursuant to the Underwriting Agreement is (or would if repeated at that time be) untrue or breached; or

(v) any event, act or omission which gives rise or is likely to give rise to any liability of the Company pursuant to the indemnities contained in the Underwriting Agreement; or

(vi) any breach of any of the obligations or undertakings of the Company under the Underwriting Agreement; or

(vii) any adverse change or prospective adverse change in the business or in the financial or trading position or prospects of the Company or any of its subsidiaries or PLDT which in the opinion of the Underwriters is material in the context of the Rights Issue; or

(viii) any of the obligations or undertakings of the Controlling Shareholder under the Controlling Shareholder's Undertaking have not been complied with; or

(ix) the permission to deal in and the listing of the Rights Shares (in their nil-paid and fully-paid forms) has been withdrawn by the Stock Exchange; or

(x) any suspension in trading of Shares on the Stock Exchange for a continuous period of more than one Business Day (other than any suspension for the purpose of obtaining clearance from the Stock Exchange for the publication of the Announcement); or

(b) there develops, occurs, exists or comes into force:

(i) any event or series of events in the nature of force majeure (including, without limitation, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out, outbreak or escalation of hostilities (whether or not war is declared) or declaration of national or international emergency or calamity or crisis) in Hong Kong or Bermuda or any other place in which the Company or any of its subsidiaries or PLDT conducts or carries on business; or

(ii) any new law or regulation or any change in existing laws or regulations (or any change in the interpretation or application thereof by any court or other competent authority) in Hong Kong or Bermuda or any other place in which the Company or any of its subsidiaries or PLDT conducts or carries on business; or

(iii) the declaration of a banking moratorium by the relevant Hong Kong authorities; or

(iv) any event or series of events concerning or relating to or otherwise having an effect on, or any change in, local (including, without limitation, Hong Kong), national, regional or international financial, political, military, industrial, economic, legal, fiscal or regulatory matters or conditions; or

(v) any change in the conditions of local, national or international securities markets (including, without limitation, the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange, the Singapore Stock Exchange, the Philippine Stock Exchange or the Indonesia Stock Exchange); or

(vi) a change or development including a prospective change in taxation or exchange control in Hong Kong or Bermuda or any other place in which the Company or any of its subsidiaries or PLDT conducts or carries on business which will or may adversely affect the Company or any of its subsidiaries or PLDT or the present or prospective shareholders of the Company,

and which, in any such case and in the absolute opinion of the Underwriters, will or may (A) be materially adverse to, or materially and prejudicially affect, the business or financial or trading position or prospects of the Company, its subsidiaries and PLDT as a whole or the Rights Issue or the success thereof; or (B) make it inadvisable or inexpedient to proceed with the Rights Issue; or (C) have the effect of making any part of the Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms.

In the event that the Underwriters exercise their right to terminate the Underwriting Agreement, their obligations will cease and the Rights Issue will not proceed, in which case, a further announcement will be made by the Company at the relevant time.

WARNING OF THE RISKS OF DEALING IN NIL-PAID RIGHTS SHARES

The Rights Shares are expected to be dealt with in their nil-paid form from Monday, 9 November 2009 to Monday, 16 November 2009 (both dates inclusive).

The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated. If the condition of the Rights Issue is not fulfilled, the Rights Issue will not proceed. Any dealing in Shares or Rights Shares in their nil-paid form, or in any other securities of the Company, is at an investor's own risk. Any Shareholders or other persons contemplating any dealings in the Shares or Rights Shares in their nil-paid form, or in any other securities of the Company, are advised to exercise caution and to consult their professional advisers.

The expected timetable for the Rights Issue is set out below:

	2009
Last day of dealings in the Shares on a cum-rights basis	Wednesday, 28 October
Commencement of dealings in the Shares on an ex-rights basis	Thursday, 29 October
Latest time for lodging transfers of Shares and related documents to be entitled to participate in the Rights Issue	4:30 p.m., Friday, 30 October
Book close period to determine the entitlements under the Rights Issue (both dates inclusive)	Monday, 2 November to Wednesday, 4 November
Reference time on the Record Date	5:00 p.m., Wednesday, 4 November
Prospectus Documents to be posted	Thursday, 5 November
First day of dealings in nil-paid Rights Shares	Monday, 9 November
Latest time for splitting nil-paid Rights Shares	4:30 p.m., Wednesday, 11 November
Latest time for (1) receipt by the Company of letters of representation, in the form attached hereto as Appendix IV, from US persons who are QIBs, (2) UK persons who are Relevant Persons to contact the Company to notify the Company of their eligibility to accept Rights Shares offered under the Rights Issue and (3) Canadian persons who are "accredited investors" as defined in NI 45-106 or "permitted clients" as defined in NI 31-103 to contact the Company to notify the Company of their eligibility to accept Rights Shares offered under the Rights Issue	1:00 p.m. Wednesday, 11 November
Last day of dealings in nil-paid Rights Shares	Monday, 16 November
Latest time for acceptance of Rights Shares and payment and for application and payment for excess Rights Shares	4:30 p.m., Thursday, 19 November
Rights Issue and Underwriting Agreement expected to become unconditional	4:30 p.m., Tuesday, 24 November
Announcement of the results of acceptance and excess application of the Rights Issue	Thursday, 26 November
Refund cheques for wholly and partially unsuccessful excess applications and cheques to Non-Qualifying Shareholders, if any, to be posted	Friday, 27 November

	2009
Share certificates for Rights Shares to be posted	Friday, 27 November
First day of dealings in fully-paid Rights Shares	Tuesday, 1 December

Notes:

(i) **All references to times and dates in the Expected Timetable are references to Hong Kong time and Hong Kong dates, respectively.**

(ii) Dates or deadlines specified in this Prospectus are indicative only and may be extended or varied by agreement between the Company and the Underwriters. Any changes to the timetable will be published or notified to the Shareholders and the Stock Exchange as appropriate.

Effect of bad weather on the latest time for acceptance of Rights Shares

The latest time for acceptance of Rights Shares and the payment therefor will not take place as shown if there is a tropical cyclone warning signal number 8 or above, or a "black" rainstorm warning:

(a) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Thursday, 19 November 2009. Instead the latest time for acceptance of the Rights Shares and the payment therefor will, in both instances, be extended to 5:00 p.m. on the same Business Day; or

(b) in force in Hong Kong at any local time between 12:00 noon and 4:30 p.m. on Thursday, 19 November 2009. Instead the latest time for acceptance of the Rights Shares and the payment therefor will, in both instances, be rescheduled to 4:30 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:30 p.m.

If the latest time for acceptance of the Rights Shares and the payment therefor does not take place on Thursday, 19 November 2009, the subsequent dates mentioned in this section headed "Expected Timetable" may be affected. An announcement will be made by the Company in such event.

FIRST PACIFIC COMPANY LIMITED

(Incorporated with limited liability under the laws of Bermuda)
Website: http://www.firstpacific.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:
Ambassador Albert F. del Rosario
Sutanto Djuhar
Tedy Djuhar
Ibrahim Risjad
Benny S. Santoso
Napoleon L. Nazareno

Independent Non-executive Directors:
Graham L. Pickles
Prof. Edward K.Y. Chen, *GBS, CBE, JP*
Sir David W.C. Tang, *KBE*

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

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

4 November 2009

To the Qualifying Shareholders and,
for information purposes only, the Non-Qualifying Shareholders other than US persons

Dear Sir or Madam,

PROPOSED RIGHTS ISSUE BY FIRST PACIFIC COMPANY LIMITED OF 643,387,400 RIGHTS SHARES AT THE SUBSCRIPTION PRICE OF HK$3.40 PER RIGHTS SHARE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY FIVE EXISTING SHARES HELD

INTRODUCTION

The Company announced on Thursday, 15 October 2009 that it proposes to raise approximately HK$2,187.5 million (approximately US$282.3 million) before expenses by way of the Rights Issue, on the basis of one (1) Rights Share for every five (5) Existing Shares held at 5:00 p.m. on the Record Date. Qualifying Shareholders are entitled to apply for additional Rights Shares in excess of their respective entitlements under the Rights Issue through excess applications. The Rights Issue will involve the issue of 643,387,400 Rights Shares at a subscription price of HK$3.40 per Rights Share payable in full on application.

The Underwritten Rights Shares are fully underwritten on the terms and subject to the conditions set out in the Underwriting Agreement and the Rights Issue would, on completion, raise for the Company approximately HK$2,187.5 million (approximately US$282.3 million), before expenses.

RIGHTS ISSUE OVERVIEW

What is the Rights Issue?	A means for the Company to raise additional funding by offering to the Company's existing Shareholders who are Qualifying Shareholders the right to subscribe for further Shares in proportion to their existing shareholdings.
Basis of the Rights Issue:	Qualifying Shareholders are being offered the opportunity to subscribe for one (1) Rights Share for every five (5) Existing Shares held at 5:00 p.m. on the Record Date. For more information in relation to Qualifying Shareholders, see the sections headed "Qualifying Shareholders and Closure of Register of Members", "Distribution of this Prospectus and other Prospectus Documents", "Non-Qualifying Shareholders" and "Limited categories of persons in the Specified Territories who may be able to take up their rights under the Rights Issue," below.
Rights Subscription Price:	HK$3.40 per Rights Share.
Number of Shares in issue:	3,216,937,003 Shares as at the Latest Practicable Date.
Number of Rights Shares to be issued:	643,387,400 Rights Shares.
Latest Acceptance Date:	Expected to be Thursday, 19 November 2009.
Amounts to be raised:	Approximately HK$2,187.5 million (equivalent to approximately US$282.3 million) before expenses.
Excess applications:	Qualifying Shareholders may apply for Rights Shares in excess of their provisional allotment (see the section headed "Application for Excess Rights Shares" below). Any Rights Shares available for excess application would be those Rights Shares (if any) representing unsold fractional entitlements (see the section headed "Fractional Entitlements", below) and any Rights Shares provisionally allotted but not accepted by Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares and any Rights Shares representing any unsold entitlements of the Non-Qualifying Shareholders (see the section headed "Non-Qualifying Shareholders", below).

Status:	The Rights Shares, when allotted, issued and fully paid, will rank pari passu in all respects with the Shares then in issue such that holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions the record dates of which are on or after the date of allotment of the Rights Shares.
Underwriters (in alphabetical order):	Cazenove Asia, Credit Suisse and HSBC.

The number of Rights Shares to be issued represents approximately 20.0% of the existing issued share capital of the Company and approximately 16.7% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

THE RIGHTS SUBSCRIPTION PRICE

The Rights Subscription Price for the Rights Shares is HK$3.40 each and is payable in full when a Qualifying Shareholder accepts the provisional allotment of Rights Shares or applies for excess Rights Shares or when a transferee of nil-paid Rights Shares applies for the relevant Rights Shares.

The Rights Subscription Price represents:

(i) a discount of approximately 26.6% to the closing price of HK$4.63 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a discount of approximately 35.8% to the closing price of HK$5.30 per Share as quoted on the Stock Exchange on the Last Trading Day;

(iii) a discount of approximately 31.7% to the theoretical ex-rights price of approximately HK$4.98 per Share which is calculated based on the closing price of the Shares on the Last Trading Day;

(iv) a discount of approximately 37.0% to the average of the closing prices of the Shares for the 5 consecutive Trading Days ended on the Last Trading Day of approximately HK$5.40 per Share;

(v) a discount of approximately 35.6% to the average of the closing prices of the Shares for the 10 consecutive Trading Days ended on the Last Trading Day of approximately HK$5.28 per Share;

(vi) a discount of approximately 36.3% to the average of the closing prices of the Shares for the 30 consecutive Trading Days ended on the Last Trading Day of approximately HK$5.34 per Share;

(vii) a premium of approximately 6.3% to the consolidated net asset value per Share of approximately HK$3.20 based on the consolidated net assets of the Company and its subsidiaries as set out in the unaudited financial statements of the Company and its subsidiaries as at 30 June 2009;

(viii) a discount of approximately 69.1% to the adjusted net assets value on the Latest Practicable Date* of approximately HK$11.0 per Share; and

(ix) a discount of approximately 64.9% to the adjusted net assets value on the Latest Practicable Date* after taking into account the effect of the Rights Issue of approximately HK$9.7 per Share.

* As the majority of the Company's investments are listed, the Company is exposed to fluctuations in the equity market values of such investments. The adjusted net assets value on the Latest Practicable Date represents the Group's underlying worth and is calculated based on the quoted share prices of the listed investments as at the Latest Practicable Date applied to the Group's economic interest and after deducting the Head Office's net debt.

The Rights Subscription Price was determined by the Company with reference to the prevailing market price of the Shares. After taking into consideration the reasons for the Rights Issue as stated in the section headed "Reasons for the Rights Issue and Use of Proceeds", the Directors (including the independent non-executive Directors) consider that the terms of the Rights Issue (including the Rights Subscription Price) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

QUALIFYING SHAREHOLDERS

To qualify for the Rights Issue, a Shareholder must have been registered as a member of the Company on or before 5:00 p.m. on the Record Date and not be a Non-Qualifying Shareholder (see the section below entitled "Non-Qualifying Shareholders").

Qualifying Shareholders who take up their pro-rata entitlements in full will not suffer any dilution to their interests in the Company. If a Qualifying Shareholder does not take up his or her entitlement under the Rights Issue in full, his or her proportionate shareholding in the Company will be diluted.

BASIS OF PROVISIONAL ALLOTMENT OF RIGHTS SHARES

Qualifying Shareholders will receive a PAL in respect of the Rights Issue. The Rights Shares will be provisionally allotted on the basis of one (1) Rights Share, in nil-paid form, for every whole multiple of five (5) Existing Shares held by a Qualifying Shareholder at 5:00 p.m. on the Record Date. Any holdings (or balance of holdings) of less than five (5) Existing Shares will not entitle their holders to be provisionally allotted a Rights Share. The board lot of the Rights Shares in nil-paid form will be 2,000 Shares.

Application for all or any part of a Qualifying Shareholder's provisional allotment of Rights Shares should be made by completing the PAL, and lodging the same with a remittance for the Rights Shares being applied for, which shall be for an equal or lesser number of the Rights Shares provisionally allotted to such Qualifying Shareholder. See further the section headed "Procedures for Acceptance or Transfer" below.

DISTRIBUTION OF THIS PROSPECTUS AND THE OTHER PROSPECTUS DOCUMENTS

The Company will only send this Prospectus accompanied by the other Prospectus Documents to the Qualifying Shareholders. However, the Company will, to the extent practicable, send this Prospectus (without the PAL or the EAF) to Non-Qualifying Shareholders in the UK, for information purposes only; and will, to the extent practicable, send the Canadian Offering Memorandum to be issued by the Company in connection with the Rights Issue and dated on or around the date of this Prospectus to the Non-Qualifying Shareholders in Canada for information purposes only, also without the PAL or the EAF. This Prospectus will not be sent to any Shareholders or Beneficial Owners in the US, except to those Shareholders or Beneficial Owners whom the Company believes reasonably are QIBs and in respect of whom the provisions applicable to QIBs under the heading "Limited categories of persons in the Specified Territories who may be able to take up their rights under the Rights Issue" have been complied with.

Distribution of this Prospectus and the other Prospectus Documents into jurisdictions other than Hong Kong may be restricted by law. Persons into whose possession the Prospectus Documents come (including, without limitation, agents, custodians, nominees and trustees) should inform themselves of and observe any such restrictions. Any failure to comply with those restrictions may constitute a violation of the securities laws of any such jurisdiction. Any Shareholder or Beneficial Owner who is in any doubt as to his/her position should consult an appropriate professional adviser without delay. In particular, subject to certain exceptions as determined by the Company, this Prospectus should not be distributed, forwarded to or transmitted in, into or from any of the Specified Territories together with the PAL or the EAF.

The Prospectus Documents will not be registered under the applicable securities legislation of any jurisdiction other than Hong Kong and Bermuda.

NON-QUALIFYING SHAREHOLDERS

Non-Qualifying Shareholders are those Shareholders with registered addresses in, or who are otherwise known by the Company to be residents of, places outside Hong Kong and in respect of whom the Directors, based on enquiries made by the Directors, consider it necessary or expedient not to offer the Rights Issue to such Shareholders on account either of the legal restrictions under the laws of the relevant place in which the Shareholder is located or the requirements of the relevant regulatory body or stock exchange in that place.

The Company has obtained advice from legal advisers in respect of each of the Specified Territories that either (i) the Prospectus Documents would be required to be registered or filed with or subject to approval by the relevant authorities in those territories; or (ii) the Company or Shareholders would need to take additional steps to comply with the local legal requirements if the Rights Issue were extended to the Shareholders in those territories. Having considered the circumstances, the Directors have formed the view that, other than subject to certain limited exceptions as described below, it is necessary or expedient to restrict the ability of Shareholders in the Specified Territories to take up their rights under the Rights Issue due to the time and costs involved in the registration of the Prospectus and/or compliance with relevant local legal or regulatory requirements in those territories.

Accordingly, for the purposes of the Rights Issue, the Non-Qualifying Shareholders are:

(a) Shareholders whose name(s) appeared in the register of members of the Company at 5:00 p.m. on the Record Date and whose address(es) as shown in such register is/are in any of the Specified Territories, except for those Shareholders with addresses in the US, the UK or Canada who fulfil, to the satisfaction of the Company, the relevant requirements specified in the section headed "Limited categories of persons in the Specified Territories who may be able to take up their rights under the Rights Issue", below; and

(b) any Shareholders or Beneficial Owners at that time who are otherwise known by the Company to be resident in any of the Specified Territories, except for those Shareholders or Beneficial Owners resident in the US, the UK or Canada who fulfil, to the satisfaction of the Company, the relevant requirements specified in the section headed "Limited categories of persons in the Specified Territories who may be able to take up their rights under the Rights Issue", below.

Notwithstanding any other provision in this Prospectus or the PAL or the EAF, the Company reserves the right to permit any Shareholder to take up his/her/its rights if the Company, in its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restrictions in question. If the Company is so satisfied, the Company will, if requested, arrange for the relevant Shareholder to be sent a PAL and an EAF.

Rights Shares have been provisionally allotted to all Shareholders whom the Company considers are Qualifying Shareholders. In respect of those Shareholders whose name(s) appeared in the register of members of the Company at 5:00 p.m. on the Record Dated and whose address(es) as shown in such register is/are in any of the Specified Territories, the Rights Shares which would otherwise have been provisionally allotted to them have instead been provisionally allotted to a nominee and will be sold in the market in their nil-paid form in accordance with the procedures described in the final paragraph of this section, below; unless the relevant Shareholder complies, by no later than 1:00 p.m. on Wednesday, 11 November 2009 with the applicable requirements of the section below headed "Limited categories of persons in the Specified Territories who may be able to take up their rights under the Rights Issue". PALs and EAFs have not been, and will not be, sent to Shareholders with address(es) in, or who are otherwise known to the Company to be resident in, any of the Specified Territories except where the Company is satisfied that such action would not result in a contravention of any registration or other legal requirement in any such jurisdictions.

Receipt of this Prospectus and/or a PAL and/or an EAF or the crediting of nil-paid Rights Shares to a stock account in CCASS does not and will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Prospectus and/or a PAL and/or an EAF must be treated as sent for information only and should not be copied or redistributed. Persons (including, without limitation, custodians, nominees and trustees) who receive a copy of this Prospectus and/or a PAL and/or an EAF or whose stock account in CCASS is credited with nil-paid Rights Shares should not, in connection with the Rights Issue, distribute or send the same in, into or from, or transfer nil-paid Rights Shares to any person in, into or from, any of the Specified Territories. If a PAL or an EAF or a credit of nil-paid Rights Shares in CCASS is received by any person in any such territory, or by his/her agent or nominee, he/she should not seek to take up the rights referred to in the PAL or transfer the PAL (or apply for any excess Rights Shares under the EAF) or transfer the nil-paid Rights Shares in CCASS unless the Company determines that such actions would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, nominees and trustees) who does forward this Prospectus or a PAL or an EAF in, into or from any Specified Territory (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section.

Arrangements will be made for the Rights Shares which would otherwise have been available to be taken up by the Non-Qualifying Shareholders to be sold in the market in their nil-paid form on any one or more of the last three dealing days of the period for dealing in nil-paid Rights Shares (the last day of such period is Monday, 16 November 2009), if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, will be paid to the Non-Qualifying Shareholders pro-rata to their shareholdings held at 5:00 p.m. on the Record Date. Such amounts will be paid in US$ or UK pounds sterling (depending on the registered address of the relevant Non-Qualifying Shareholder) and will be converted from Hong Kong dollars to the relevant currency of payment at the then prevailing exchange rates. The Company will retain individual amounts of HK$100 or less (or the equivalent) for its own benefit. Any unsold entitlement of Non-Qualifying Shareholders to the Rights Shares, together with any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares and any unsold fractions of the Rights Shares (see the section headed "Fractional Entitlements" below), will be made available for excess applications on EAFs by Qualifying Shareholders.

LIMITED CATEGORIES OF PERSONS IN THE SPECIFIED TERRITORIES WHO MAY BE ABLE TO TAKE UP THEIR RIGHTS UNDER THE RIGHTS ISSUE

Notwithstanding what is said in the section headed "Non-Qualifying Shareholders" above, the following limited categories of persons in the Specified Territories may be able to take up their rights under the Rights Issue:

(1) Shareholders or Beneficial Owners in the US whom the Company believes reasonably are QIBs may be able to purchase Rights Shares being offered in the Rights Issue (pursuant to the exercise of rights granted under the Rights Issue) by way of a private placement pursuant to an applicable exemption from registration under the Securities Act, provided that they provide a signed investor representation letter in the form set out in Appendix IV of this Prospectus, which will also contain restrictions and procedures regarding the transfer of Rights Shares.

    Duly completed and signed investor representation letters should be received by the Company by fax or email at the contact details for the Company specified below in this section, **by no later than 1:00 p.m. on Wednesday, 11 November 2009 (Hong Kong time);** failing which the nil-paid Rights Shares provisionally allotted to such Shareholders or in respect of such Beneficial Owners may be sold in the market in their nil-paid form pursuant to the arrangements applicable to the Rights Shares which would otherwise have been available to be taken up by the Non-Qualifying Shareholders, as described in the section above headed "Non-Qualifying Shareholders".

(2) Shareholders or Beneficial Owners resident in the UK who are (a) persons who have professional experience in matters relating to investments and who are investment professionals as specified in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) (the "Financial Promotion Order"); (b) persons falling within Article 49(2)(a)-(d) of the Financial Promotion Order ("high net worth companies, unincorporated associations etc"); or (c) persons to whom this Prospectus may otherwise be lawfully distributed.

A Shareholder or Beneficial Owner who considers that he/she/it fulfils one of those requirements and is, therefore, eligible to accept his/her/its Rights Shares provisionally allotted under the Rights Issue should contact the Company by sending a notification that it is eligible to participate in the Rights Issue **by no later than 1:00 p.m. on Wednesday, 11 November 2009 (Hong Kong time)**; failing which the nil-paid Rights Shares provisionally allotted to that Shareholder or in respect of that Beneficial Owner may be sold in the market in their nil-paid form pursuant to the arrangements applicable to the Rights Shares which would otherwise have been available to be taken up by the Non-Qualifying Shareholders, as described in the section above headed "Non-Qualifying Shareholders". The contact details of the Company for this purpose are set out below.

(3) Shareholders or Beneficial Owners located in Canada who are "accredited investors" as defined in National Instrument 45-106 *Prospectus and Registration Exemptions* ("NI 45-106") or "permitted clients" as defined in National Instrument 31-103 *Registration Requirements and Exemptions* ("NI 31-103").

A Shareholder or Beneficial Owner who considers that he/she/it is either an "accredited investor" under NI 45-106 or a " permitted client" under NI 31-103 and is, therefore, eligible to accept his/her/its Rights Shares provisionally allotted under the Rights Issue should contact the Company by sending a notification that it is eligible to participate in the Rights Issue **by no later than 1:00 p.m. on Wednesday, 11 November 2009 (Hong Kong time)**; failing which the nil-paid Rights Shares provisionally allotted to that Shareholder or in respect of that Beneficial Owner may be sold in the market in their nil-paid form pursuant to the arrangements applicable to the Rights Shares which would otherwise have been available to be taken up by the Non-Qualifying Shareholders, as described in the section above headed "Non-Qualifying Shareholders". The contact details of the Company for this purpose are set out below.

In each case, the Company reserves the absolute discretion in determining whether to allow such participation as well as the identity of the persons who may be allowed to do so.

A Shareholder or Beneficial Owner who fulfils, to the satisfaction of the Company, the requirements referred to in (1), (2) or (3) above may obtain a PAL and an EAF by contacting the Company and must do so by no later than 1:00 p.m. on Wednesday, 11 November 2009 (Hong Kong time). Shareholders or Beneficial Owners located in the US who are QIBs should return their duly completed and signed investor representation letters to the Company by fax or email, to be received by the Company by no later than 1:00 p.m. on Wednesday, 11 November 2009 (Hong Kong time), following receipt of which the Company will provide the relevant Shareholder with a PAL and an EAF (for those Shareholders who are registered Shareholders), or permit such Shareholder to participate in the Rights Issue and receive Rights Shares (for those Shareholders holding interests in Shares through CCASS). The Company's contact details for these purposes and for the purposes of paragraphs (2) and (3) above are as follows:

Telephone from within Hong Kong:	2842 4388
Telephone from outside Hong Kong:	+852 2842 4388
Fax from within Hong Kong:	2810 4313
Fax from outside Hong Kong:	+852 2810 4313
Email:	companysecretary@firstpacific.com
For the attention of:	the Company Secretary

PROCEDURES FOR ACCEPTANCE OR TRANSFER

General

Any person (including, without limitation, agents, nominees and trustees) wishing to take up his/her/its rights under the Rights Issue must satisfy himself/herself/itself as to full observance of the applicable laws of any relevant territory including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories. The attention of Shareholders with registered addresses in any of the Specified Territories or holding Shares on behalf of persons with such addresses is drawn to the sections above headed "Non-Qualifying Shareholders" and "Limited categories of persons in the Specified Territories who may be able to take up their rights under the Rights Issue".

Each subscriber of Rights Shares being offered and sold outside the US will be deemed (by accepting delivery of this Prospectus) to have given each of the following representations and warranties to the Company and the Underwriters and to any person acting on their behalf, unless in their sole discretion the Company and the Underwriters waive such requirement:

- He/she/it was a Shareholder as at the Record Date, or he/she/it lawfully acquired or may lawfully acquire rights, directly or indirectly, from such a person;

- He/she/it may lawfully be offered, take up, exercise, obtain, subscribe for and receive the rights and/or the Rights Shares in the jurisdiction in which he/she/it resides or is currently located;

- Subject to certain exceptions, he/she/it is not resident or located in, or a citizen of, the US;

- Subject to certain exceptions, he/she/it is not accepting an offer to acquire, take up or exercise rights or Rights Shares on a non-discretionary basis for a person who is resident or located in, or a citizen of the US at the time the instruction to accept was given;

- He/she/it is acquiring the rights and/or the Rights Shares in an "offshore transaction" as defined in Regulation S under the Securities Act;

- He/she/it has not been offered the Rights Shares by means of any "directed selling efforts" as defined in Regulation S under the Securities Act;

- He/she/it is not acquiring rights or Rights Shares with a view to the offer, sale, transfer, delivery or distribution, directly or indirectly, of such rights or Rights Shares into the US; and

- He/she/it understands that neither the rights nor the Rights Shares have been or will be registered under the Securities Act or with any securities regulatory authority of any state, territory, or possession of the US and the rights or Rights Shares are being distributed and offered outside the US in reliance on Regulation S. Consequently he/she/it understands the rights or Rights Shares may not be offered, sold, pledged or otherwise transferred in or into the US, except in reliance on an exemption from, or in transactions not subject to, the registration requirements of the Securities Act.

Action to be taken by Registered Shareholders

Subscription for all Rights Shares provisionally allotted

For each Qualifying Shareholder, a PAL is enclosed with the Prospectus which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of the Rights Shares shown thereon. If the Qualifying Shareholder(s) wish(es) to exercise his/her/their right to subscribe for all the Rights Shares provisionally allotted to him/them as specified in the PAL, he/she/they must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:30 p.m. on the Latest Acceptance Date. All remittances must be made in Hong Kong dollars and cheques or cashier's orders must be drawn on a bank account in Hong Kong and made payable to "**First Pacific Company Limited – Rights Issue Account**" and crossed "**Account Payee Only**".

It should be noted that unless the PAL, together with the appropriate remittance, has been lodged with the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, by 4:30 p.m. on the Latest Acceptance Date, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. The Company may, at its discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if not completed in accordance with the relevant instructions.

All cheques and cashier's orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Any PAL in respect of which the cheque or cashier's order is dishonoured on first presentation is liable to be rejected, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. If the Underwriters exercise their right to terminate the Underwriting Agreement before the Latest Time for Termination, the monies received in respect of the relevant provisional allotments will be returned to the relevant persons without interest and by means of cheques despatched by ordinary post at the risk of such persons on Friday, 27 November 2009.

Transfers and "splitting" of nil-paid Rights Shares

The nil-paid Rights Shares can be traded on the Stock Exchange. A Qualifying Shareholder can accept all of his/her/its provisional allotment of Rights Shares, or sell all of his/her/its provisional allotment on the Stock Exchange or accept only part of his/her/its provisional allotment and sell the remaining part on the Stock Exchange.

If a Qualifying Shareholder wishes to accept only part of his/her/its provisional allotment or transfer a part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the PAL or to transfer his/her/its rights to more than one person, the entire PAL must be surrendered and lodged for cancellation together with a covering letter stating clearly the number of split PALs required and the number of nil-paid Rights Shares to be comprised in each split PAL (which, in aggregate, should be equal to the number of Rights Shares provisionally allotted to such holder as stated in Box B of the original PAL), by no later than 4:30 p.m. on Wednesday, 11 November 2009 to the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, who will cancel the original PAL and issue new PALs in the denominations required. This process is commonly known as "splitting" the nil-paid Rights Shares.

Having "split" the nil-paid Rights Shares, a Qualifying Shareholder who wishes to accept the provisional allotment of Rights Shares represented by a new PAL should do so in accordance with the instructions given above in relation to the subscription for all the Rights Shares provisionally allotted.

If a Qualifying Shareholder wishes to transfer all of his/her/its nil-paid Rights Shares under a PAL (or a split PAL, as the case may be) to another person, he/she/it should complete and sign Form B in the PAL and hand the PAL to the person to or through whom he/she/it is transferring his/her/its nil-paid Rights Shares. The transferee must then complete and sign Form C in the PAL and lodge the PAL intact together with a remittance for the full amount payable on acceptance with the Registrar, Computershare Hong Kong Investor Services Limited, at the address given above, to effect the transfer by no later than 4:30 p.m. on Thursday, 19 November 2009.

The Company reserves the right to refuse to register any transfer in favour of any person in respect of which the Company believes such transfer may violate applicable legal or regulatory requirements.

Important notice and representations and warranties relating to registered Shareholders in the Specified Territories

As described above, Shareholders with registered addresses in the Specified Territories are only permitted to take up their rights under the Rights Issue if they fulfil, to the satisfaction of the Company, the requirements specified in the section above entitled "Limited categories of persons in the Specified Territories who may be able to take up their rights under the Rights Issue".

Any registered Shareholder accepting and/or transferring a PAL or requesting registration of the Rights Shares comprised therein represents and warrants to the Company that, except where proof has been provided to the satisfaction of the Company that such person's use of the PAL will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) such person is not accepting and/or transferring the PAL, or requesting registration of the relevant nil-paid Rights Shares or the fully-paid Rights Shares from within any of the Specified Territories; (ii) such person is not in any of the Specified Territories or in any territory in which it is otherwise unlawful to make or accept an offer to acquire the Rights Shares or to use the PAL in any manner in which such person has used or will use it; (iii) such person is not acting on a non-discretionary basis for a person resident in any of the Specified Territories at the time the instruction to accept or transfer was given; and (iv) such person is not acquiring the Rights Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any of the Rights Shares into any of the Specified Territories.

The Company may treat as invalid any acceptance or purported acceptance of the allotment of Rights Shares comprised in, or transfer or purported transfer of, a PAL if it: (a) appears to the Company to have been executed in, or despatched from, any of the Specified Territories and the acceptance may involve a breach of the laws of the relevant Specified Territory or the acceptance is otherwise in a manner which may involve a breach of the laws of any jurisdiction or if it or its agents believe the same may violate any applicable legal or regulatory requirement; (b) provides an address in any of the Specified Territories for delivery of definitive share certificates for Rights Shares and such delivery would be unlawful or provides an address for delivery of definitive share certificates in any other jurisdiction outside Hong Kong in which it would be unlawful to deliver such certificates; or (c) purports to exclude the representation and/or warranty required by the paragraph immediately above.

Action to be taken by Beneficial Owners whose Shares are held by a Registered Owner (other than Shares deposited in CCASS)

Subscription for Rights Shares provisionally allotted and transfers and "splitting" of nil-paid Rights Shares

If you are a Beneficial Owner whose Shares are registered in the name of a Registered Owner and you wish to subscribe for the Rights Shares provisionally allotted to you, or sell your nil-paid Rights Shares or "split" your nil-paid Rights Shares and accept part of your provisional allotment and sell the remaining part, you should contact the Registered Owner and provide the Registered Owner with instructions or make arrangements with the Registered Owner in relation to the acceptance, transfer and/or "splitting" of the rights to subscribe for Rights Shares which have been provisionally allotted in respect of the Shares in which you are beneficially interested.

Such instructions and/or arrangements should be given or made in advance of the relevant dates stated in the Expected Timetable and otherwise in accordance with the requirements of the Registered Owner in order to allow the Registered Owner sufficient time to ensure that your instructions are given effect.

Important notice and representations and warranties relating to Beneficial Owners in the Specified Territories whose Shares are held by a Registered Owner (other than CCASS)

As described above, Beneficial Owners resident in the Specified Territories are only permitted to take up their rights under the Rights Issue if they fulfil, to the satisfaction of the Company, the requirements specified in the section above entitled "Limited categories of persons in the Specified Territories who may be able to take up their rights under the Rights Issue".

Any Beneficial Owner accepting and/or transferring a PAL or requesting registration of the Rights Shares comprised therein represents and warrants to the Company that, except where proof has been provided to the satisfaction of the Company that such person's use of the PAL will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) such person is not accepting and/or renouncing the PAL, or requesting registration of the relevant nil-paid Rights Shares or the fully-paid Rights Shares from within any of the Specified Territories; (ii) such person is not in any of the Specified Territories or in any territory in which it is otherwise unlawful to make or accept an offer to acquire the Rights Shares or to use the PAL in any manner in which such person has used or will use it; (iii) such person is not acting on a non-discretionary basis for a person resident in any of the Specified Territories at the time the instruction to accept or transfer was given; and (iv) such person is not acquiring the Rights Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any of the Rights Shares into any of the Specified Territories.

The Company may treat as invalid any acceptance or purported acceptance of the allotment of Rights Shares comprised in, or transfer or purported transfer of, a PAL if it: (a) appears to the Company to have been executed in, or despatched from, any of the Specified Territories and the acceptance may involve a breach of the laws of the relevant Specified Territory or the acceptance is otherwise in a manner which may involve a breach of the laws of any jurisdiction or if it or its agents believe the same may violate any applicable legal or regulatory requirement; (b) provides an address in any of the Specified Territories for delivery of definitive share certificates for Rights Shares and such delivery would be unlawful or provides an address for delivery of definitive share certificates in any other jurisdiction outside Hong Kong in which it would be unlawful to deliver such certificates; or (c) purports to exclude the representation and/or warranty required by the paragraph immediately above.

Action to be taken by Beneficial Owners holding interests in Shares through CCASS

Subscription for Rights Shares provisionally allotted and transfers and "splitting" of nil-paid Rights Shares

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, and you wish to subscribe for the Rights Shares provisionally allotted to you, or sell your nil-paid Rights Shares or "split" your nil-paid Rights Shares and accept part of your provisional allotment and sell the remaining part, you should (unless you are a person admitted to participate in CCASS as an Investor Participant) contact your Intermediary and provide your Intermediary with instructions or make arrangements with your Intermediary in relation to the acceptance, transfer and/or "splitting" of the rights to subscribe for Rights Shares which have been provisionally allotted in respect of the Shares in which you are beneficially interested.

Such instructions and/or arrangements should be given or made in advance of the relevant dates stated in the Expected Timetable and otherwise in accordance with the requirements of your Intermediary in order to allow your Intermediary sufficient time to ensure that your instructions are given effect. The procedure for acceptance, transfer and/or "splitting" by CCASS Participants of the Rights Shares provisionally allotted to CCASS stock accounts in respect of the Shares registered in the name of HKSCC Nominees Limited shall be in accordance with the "General Rules of CCASS", the "CCASS Operational Procedures" and any other requirements of CCASS.

The procedures for acceptance, transfer and/or "splitting" of Rights Shares provisionally allotted to Beneficial Owners who have been admitted to participate in CCASS as Investor Participants shall be in accordance with the "General Rules of CCASS", the "CCASS Operational Procedures" and any other requirements of CCASS. Beneficial Owners who have been admitted to participate in CCASS as Investor Participants should contact CCASS and provide CCASS with instructions or make arrangements with CCASS in relation to the manner in which such Beneficial Owners' interests in Rights Shares should be dealt with.

Important notice and representations and warranties relating to Beneficial Owners in the Specified Territories holding interests in Shares through CCASS

As described above, Beneficial Owners resident in any of the Specified Territories are only permitted to take up their rights under the Rights Issue if they fulfil, to the satisfaction of the Company, the requirements specified in the section above entitled "Limited categories of persons in the Specified Territories who may be able to take up their rights under the Rights Issue".

Any Beneficial Owner holding interests in Shares through CCASS and any CCASS Participant who makes a valid acceptance and/or transfer in accordance with the procedures set out above represents and warrants to the Company that, except where proof has been provided to the satisfaction of the Company that such person's acceptance will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) such person is not in any of the Specified Territories or in any territory in which it is otherwise unlawful to make or accept an offer to acquire Rights Shares; (ii) such person is not acting on a non-discretionary basis for a person located within any of the Specified Territories at the time the instruction to accept was given; and (iii) such person is not acquiring Rights Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Rights Shares into any of the Specified Territories.

The Company may treat as invalid any instruction which appears to the Company to have been despatched from any of the Specified Territories and which may involve a breach of the laws of the relevant Specified Territory or any instruction which otherwise appears to the Company may involve a breach of the laws of any jurisdiction; or if the Company or its agents believes the same may violate any applicable legal or regulatory requirement; or which purports to exclude the representation and/or warranty required by the paragraph immediately above.

SHARE CERTIFICATES AND REFUND CHEQUES FOR THE RIGHTS ISSUE

Subject to the fulfilment of the condition of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary mail at their own risk on or before Friday, 27 November 2009.

Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or around Friday, 27 November 2009 by ordinary mail to the applicants at their own risk.

STATUS OF THE RIGHTS SHARES

The Rights Shares, when allotted, issued and fully paid, will rank pari passu in all respects with the Shares then in issue such that holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions the record dates of which are on or after the date of allotment of the Rights Shares.

FRACTIONAL ENTITLEMENTS

The Company will not provisionally allot fractions of Rights Shares in their nil-paid or fully-paid forms.

The aggregate of fractions of the Rights Shares, in nil-paid form, will be provisionally allotted to a nominee appointed by the Company, and if a premium of more than HK$100 (net of expenses) can be obtained, will be sold by the Company or its appointed nominee in nil-paid form on the Stock Exchange. The net proceeds of such sale will be retained by the Company.

Any unsold fractions of the Rights Shares will be made available for excess applications on EAFs by Qualifying Shareholders.

APPLICATION FOR EXCESS RIGHTS SHARES

Qualifying Shareholders may apply, by way of excess applications, for Rights Shares representing unsold fractional entitlements, together with any Rights Shares provisionally allotted but not accepted by Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares and any Rights Shares representing any unsold entitlements of the Non-Qualifying Shareholders (if any).

Action to be taken by Registered Shareholders who wish to apply for excess Rights Shares

Excess Rights Shares application procedures

Applications for excess Rights Shares should be made only by Qualifying Shareholders and only by completing an EAF and lodging the same with a separate remittance for the amount payable on application in respect of the excess Rights Shares being applied for with the Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 19 November 2009 or such later time and/or date as may be agreed between the Company and the Underwriters. All remittances must be made in Hong Kong dollars and cheques or cashier's orders must be drawn on a bank account in Hong Kong and made payable to "**First Pacific Company Limited – Excess Application Account**" and crossed "**Account Payee Only**". The Directors will allocate the excess Rights Shares (if any) at their discretion on a fair and equitable basis on the following principles:

(1) preference will be given to applications for less than a board lot of Rights Shares where it appears to the Directors that such applications are made to round up odd lot holdings to whole lot holdings and that such applications are not made with the intention to abuse this mechanism; and

(2) subject to the availability of excess Rights Shares after allocation under principle (1) above, the excess Rights Shares will be allocated to Qualifying Shareholders based on a sliding scale with reference to the number of excess Rights Shares applied for by them (i.e. Qualifying Shareholders applying for a smaller number of excess Rights Shares will be allocated a higher percentage of the excess Rights Shares they have applied for; whereas Qualifying Shareholders applying for a larger number of excess Rights Shares will be allocated a lower percentage of the excess Rights Shares they have applied for (although they will receive a greater number of excess Rights Shares than those applying for a smaller number)).

If no excess Rights Shares are allotted to a Qualifying Shareholder, the amount tendered on application is expected to be returned to that Qualifying Shareholder in full by ordinary mail and at his own risk on Friday, 27 November 2009. If the number of excess Rights Shares allotted to a Qualifying Shareholder is less than that applied for, the surplus application monies are also expected to be returned to him by ordinary mail and at his own risk on Friday, 27 November 2009.

If the Underwriters exercise their right to terminate the Underwriting Agreement before the Latest Time for Termination, the monies received in respect of relevant applications for excess Rights Shares will be returned to the relevant persons without interest, by means of cheques despatched by ordinary mail at the risk of such persons on Friday, 27 November 2009.

All cheques or cashier's orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Any EAF in respect of which a cheque or cashier's order is dishonoured on first presentation is liable to be rejected. The EAF is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including cheques or cashier's orders for amounts due, will be sent at the risk of the persons entitled thereto to their registered addresses by the Registrar. The Company may, at its discretion, treat an EAF as valid and binding on the person(s) by whom or on whose behalf it is lodged even if not completed in accordance with the relevant instructions.

Important notice and representations and warranties relating to registered Shareholders in the Specified Territories

What is set out under the heading "Important notice and representations and warranties relating to registered Shareholders in the Specified Territories" on page 22 above in the section dealing with "Procedures for Acceptance or Transfer" of the nil-paid Rights Shares and fully-paid Rights Shares also applies to applications for excess Rights Shares, with appropriate changes to reflect that the context is an application for excess Rights Shares.

Action to be taken by Beneficial Owners whose Shares are held by a Registered Owner (other than Shares deposited in CCASS) who wish to apply for excess Rights Shares

Excess Rights Shares application procedures

If you are a Beneficial Owner whose Shares are registered in the name of a Registered Owner and you wish to apply for excess Rights Shares, you should contact the Registered Owner and provide the Registered Owner with instructions or make arrangements with the Registered Owner in relation to such application. Such instructions and/or arrangements should be given or made in advance of the latest time for application and payment for excess Rights Shares stated in the Expected Timetable and otherwise in accordance with the requirements of the Registered Owner, in order to allow the Registered Owner sufficient time to ensure that your instructions are given effect.

Important notice and representations and warranties relating to Beneficial Owners in the Specified Territories whose Shares are held by a Registered Owner (other than CCASS)

What is set out under the heading "Important notice and representations and warranties relating to Beneficial Owners in the Specified Territories whose Shares are held by a Registered Owner (other than CCASS)" on page 23 above in the section dealing with "Procedures for Acceptance or Transfer" of the nil-paid Rights Shares and fully-paid Rights Shares also applies to applications for excess Rights Shares, with appropriate changes to reflect that the context is an application for excess Rights Shares.

Action to be taken by Beneficial Owners holding interest in Shares through CCASS who wish to apply for excess Rights Shares

Excess Rights Shares application procedures

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, and you wish to apply for excess Rights Shares, you should (unless you are a person admitted to participate in CCASS as an Investor Participant) contact your Intermediary and provide your Intermediary with instructions or make arrangements with your Intermediary in relation to the application for excess Rights Shares. Such instructions and/or arrangements should be given or made in advance of the date stated in the Expected Timetable as the latest time for application and payment for excess Rights Shares and otherwise in accordance with the requirements of your Intermediary, in order to allow your Intermediary sufficient time to ensure that your instructions are given effect. The procedure for application for excess Rights Shares shall be in accordance with the "General Rules of CCASS", the "CCASS Operational Procedures" and any other requirements of CCASS.

The procedures for application for excess Rights Shares by Beneficial Owners who have been admitted to participate in CCASS as Investor Participants shall be in accordance with the "General Rules of CCASS", the "CCASS Operational Procedures" and any other requirements of CCASS. Beneficial Owners who have been admitted to participate in CCASS as Investor Participants should contact CCASS to provide CCASS with instructions or make arrangements with CCASS in relation to any applications for excess Rights Shares.

Important notice and representations and warranties relating to Beneficial Owners in the Specified Territories holding interests in Shares through CCASS

What is set out under the heading "Important notice and representations and warranties relating to Beneficial Owners in the Specified Territories holding interests in Shares through CCASS" on page 25 above in the section dealing with "Procedures for Acceptance or Transfer" of the nil-paid Rights Shares and the fully-paid Rights Shares also applies to applications for excess Rights Shares, with appropriate changes to reflect that the context is an application for excess Rights Shares.

Important notice for Beneficial Owners

Beneficial Owners with their Shares held by a Registered Owner, or which are held in CCASS, should note that the Registered Owner (including HKSCC Nominees Limited) is regarded as a single Shareholder according to the register of members of the Company. Accordingly, Beneficial Owners whose Shares are registered in the name of a Registered Owner, or which are held in CCASS, should note that the aforesaid arrangement in relation to the top-up of odd lots for allocation of excess Rights Shares will not be extended to them individually.

ADS HOLDERS

Because the Rights Shares have not been and will not be registered under the US Securities Act of 1933 or under the securities laws of any state or other jurisdiction of the US, the Rights Shares are not being offered to ADS Holders and Bank of New York Mellon (the "**Depositary**"), the depositary appointed in respect of the ADSs, will not be permitted to pass the rights offered hereby on to the ADS Holders. Under the Company's existing Deposit Agreement, the Depositary has discretion, after consultation with the Company, as to the procedure to be followed in disposing of such rights on behalf of the ADS Holders and in making the net proceeds available to such holders or, if such procedure is not available, to allow the rights to lapse. After consulting with the Depositary, the Company understands that the Depositary intends to sell the rights in Hong Kong and distribute the net proceeds to ADS Holders.

The Rights Shares may be "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act and therefore may not be deposited into any unrestricted depositary receipt facility established or maintained by any depositary bank, including but not limited to the existing ADR facility maintained by the Depositary, unless at the time of deposit such Rights Shares are no longer "restricted securities" within the meaning of Rule 144(a)(3) of the Securities Act.

APPLICATION FOR LISTING AND DEALING ARRANGEMENTS

The Company has applied to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Rights Shares, in both their nil-paid and fully-paid forms. No part of the Shares in issue or to be issued under the Rights Issue are listed or dealt in on any other stock exchange.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms, on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement dates of dealings in the Rights Shares on the Stock Exchange in both their nil-paid and fully-paid forms, or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any Trading Day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the "General Rules of CCASS" and "CCASS Operational Procedures" in effect from time to time.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms, both in board lots of 2,000, will be subject to the payment of stamp duty (see below under the section headed "Hong Kong Taxation") and other applicable fees in Hong Kong. Shareholders and Beneficial Owners should seek advice from their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

HONG KONG TAXATION

(a) General

This section addresses the taxation of income and capital gains of holders of nil-paid Rights Shares and fully-paid Rights Shares under the laws and practices of Hong Kong. The following summary of the tax position in Hong Kong is based on current law and practice, is subject to changes therein and does not constitute legal or tax advice. This summary provides a general outline of the material tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Rights Shares and does not deal with all possible Hong Kong tax consequence applicable to all categories of investors.

(b) Taxation on gains of sale

No tax is imposed in Hong Kong in respect of capital gains. However, trading gains from the sale of an asset by persons carrying on a trade, profession or business in Hong Kong where the trading gains are derived from or arise in Hong Kong will be chargeable to Hong Kong profits tax. Hong Kong profits tax is currently charged at the rate of 16.5% on corporations and at a maximum rate of 15% on individuals. Certain categories of taxpayers whose trade, profession or business consists of buying and selling shares are likely to be regarded as deriving trading gains rather than capital gains (for example, financial institutions, insurance companies and securities dealers) unless these taxpayers could prove that the investment securities are held as capital assets.

Gains from the sale of the nil-paid Rights Shares or fully-paid Rights Shares effected on the Stock Exchange will be considered to be derived from or arise in Hong Kong. A liability for Hong Kong profits tax would thus arise in respect of trading gains from the sale of nil-paid Rights Shares and fully-paid Rights Shares effected on the Stock Exchange, where such gains arise from a trade, profession or business carried on in Hong Kong and are otherwise not of a capital nature.

(c) Stamp Duty

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.1% on the higher of the consideration for or the market value of the nil-paid Rights Shares or the fully-paid Rights Shares, will be payable by the purchaser on every purchase and by the seller on every sale of nil-paid Rights Shares or fully-paid Rights Shares (that is, a total of 0.2% is currently payable on a typical sale and purchase transaction involving Shares). In addition, a fixed duty of HK$5.00 is currently payable on any instrument of transfer of Shares.

UNDERWRITING ARRANGEMENTS FOR THE RIGHTS ISSUE

(1) Controlling Shareholder's Undertaking

As at the Latest Practicable Date, the Controlling Shareholder is directly or indirectly interested in a total of 1,422,455,963 Shares. The Company's total issued share capital is currently 3,216,937,003 ordinary shares of US$0.01 each. Accordingly, the Controlling Shareholder is interested in approximately 44.22% of the Company's current issued share capital.

The Controlling Shareholder has irrevocably undertaken to the Company and the Underwriters, among other things:

(i) to subscribe for (or procure subscription for), by 4:30 p.m. on the Latest Acceptance Date the 284,491,191 Rights Shares to be provisionally allotted to him and/or his associates in respect of the 1,422,455,963 Shares in which he or his associates are beneficially interested pursuant to the terms of the Rights Issue;

(ii) to procure that the Controlling Shareholder or his associates (as appropriate) will remain beneficially interested in the 1,422,455,963 Shares referred to in (i) above at 5:00 p.m. on the Record Date as they were on 14 October 2009; and

(iii) if any additional Rights Shares are provisionally allotted to the Controlling Shareholder or his associates pursuant to the terms of the Rights Issue, in respect of any further Shares acquired by the Controlling Shareholder or his associates on or before 5:00 p.m. on the Record Date, to subscribe for (or procure the subscription for), by 4:30 p.m. on the Latest Acceptance Date, those additional Rights Shares.

In connection with the financing of the Controlling Shareholder's obligations under the Controlling Shareholder's Undertaking, the Controlling Shareholder and/or his associate(s) have entered into, or propose to enter into, a loan facility with Credit Suisse, Singapore Branch as lender.

Save for the undertaking from the Controlling Shareholder, the Company has not obtained undertakings from any other Shareholders that they will subscribe for any or all of the Rights Shares to be provisionally allotted to them.

(2) Underwriting Agreement

The Underwriters have severally agreed (in their respective proportions) to fully underwrite the Underwritten Rights Shares, subject to the terms and conditions of the Underwriting Agreement as described below.

Terms of the Underwriting Agreement

Date:	15 October 2009, as amended by an amendment agreement dated 4 November 2009
Parties:	The Company and the Underwriters
Number of Rights Shares underwritten:	All of the Rights Shares excluding the 284,491,191 Rights Shares to be subscribed (or procured to be subscribed) by the Controlling Shareholder pursuant to the Controlling Shareholder's Undertaking, being 358,896,209 Rights Shares.

The obligations of the Underwriters under the Underwriting Agreement are several and not joint or joint and several.

The number of Shares to be subscribed by the Controlling Shareholder is one Share less than the number stated in the Announcement; and the number of Rights Shares underwritten is, consequently, one Share more than the number stated in the Announcement. This is due to rounding, resulting from the Shares in which the Controlling Shareholder is interested being held through several custodian accounts. The Underwriting Agreement has been amended accordingly, pursuant to an amendment agreement dated 4 November 2009.

CONDITIONS OF THE RIGHTS ISSUE AND THE UNDERWRITING AGREEMENT

The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated. The obligations of the Underwriters to underwrite the Rights Issue are conditional upon fulfilment of the following conditions:

(a) the Rights Shares being provisionally allotted by a resolution of the Board on the terms set out in the Prospectus Documents to the Qualifying Shareholders;

(b) the delivery to the Stock Exchange and registration by the Registrar of Companies in Hong Kong no later than Wednesday, 4 November 2009 (or such other date as the Underwriters may agree in writing with the Company) of one copy of each of the Prospectus Documents each duly certified, in accordance with the requirements of the Companies Ordinance, as having been approved by resolution of the Board (in compliance with the requirements of the Companies Ordinance);

(c) the filing with the Registrar of Companies in Bermuda of one copy of the Prospectus duly signed in accordance with the requirements of the Companies Act 1981 of Bermuda on or before or as soon as reasonably practicable after the publication of the Prospectus in compliance with the Companies Act 1981 of Bermuda;

(d) the sending of the Prospectus Documents to the Qualifying Shareholders only and the sending, to the extent reasonably practicable, of the Prospectus for information purposes only to the Non-Qualifying Shareholders with a registered address in the UK, and of the Canadian Offering Memorandum only to the Non-Qualifying Shareholders with a registered address in Canada;

(e) permission to deal in, and listing of, all the Rights Shares to be issued (in their nil-paid and fully-paid forms) being granted or agreed to be granted (subject to allotment) by the Stock Exchange by no later than the Business Day prior to the commencement of trading of Rights Shares (in nil-paid form and fully-paid forms respectively) and such permission not being withdrawn or revoked prior to the Latest Time for Termination;

(f) the fulfilment by the Controlling Shareholder of his obligations under the Controlling Shareholder's Undertaking in accordance with the terms and conditions of the Rights Issue and in respect of the Controlling Shareholder's obligations to subscribe or procure the subscription, on or before 4:30 p.m. on the Latest Acceptance Date, for the aggregate of (i) 284,491,191 Rights Shares; and (ii) any additional Rights Shares to be provisionally allotted to him and/or his associates in respect of any Shares acquired by him or his associates on or before 5:00 p.m. on the Record Date;

(g) the Company's compliance with and performance of all the undertakings and obligations of the Company under the Underwriting Agreement including, without limitation, the obligation to deliver to the Underwriters (in form and substance satisfactory to them) the documents listed therein by the times and dates specified therein;

(h) the issue of the Rights Shares and the obligations of the Underwriters to underwrite the Underwritten Rights Shares not being prohibited by any statute, order, rule, directive or regulation promulgated after the date of the Underwriting Agreement by any legislative, executive or regulatory body or authority of Hong Kong and/or Bermuda;

(i) no stop order or similar order having been issued by any court or other judicial, governmental or regulatory authority in relation to the Rights Issue nor the sale and subscription and/or purchase of the Rights Shares in accordance with the provisions of any of the Underwriting Agreement and the Controlling Shareholder's Undertaking or the execution and performance of the Underwriting Agreement by the Company or the execution and performance of the Controlling Shareholder's Undertaking by the Controlling Shareholder being prohibited by any statute, order, rule, regulation or directive issued by, or objected to by any legislative, executive or regulatory body or authority of Hong Kong; and

(j) the warranties given by the Company pursuant to the Underwriting Agreement remaining true and accurate at all times at or before the Latest Time for Termination.

If the conditions of the Underwriting Agreement are not duly fulfilled and/or waived (where applicable) by the Underwriters, by the time and/or date specified in each case or if no time or date is specified then on or before Tuesday, 15 December 2009 (or such later date as the Company and the Underwriters may agree in writing) or if the Underwriting Agreement shall be terminated as described below, save in respect of certain rights or obligations under the Underwriting Agreement all liabilities of the parties under the Underwriting Agreement will cease. In such circumstances, the Company shall reimburse the Underwriters for all the costs and expenses incurred but shall not be liable to pay to any of the Underwriters the underwriting commission thereunder.

If the Underwriting Agreement does not become unconditional or is terminated, the Rights Issue will not proceed.

TERMINATION OF THE UNDERWRITING AGREEMENT

The Underwriters reserve the right to terminate the arrangements set out in the Underwriting Agreement if:

(a) any of the following shall have come to the notice of the Underwriters or the Underwriters shall have reasonable cause to believe after the date of the Underwriting Agreement:

(i) that any statement contained in any of the Announcement, the Prospectus Documents or any supplementary prospectus was or has become untrue, incorrect or misleading in any material respect; or

(ii) that any matter has arisen or been discovered which would, if the Announcement, the Prospectus Documents or any supplementary prospectus had been issued at that time, constitute a material omission therefrom if it had not been disclosed in the Announcement, the Prospectus Documents or any supplementary prospectus; or

(iii) that the Company is required by any applicable law or regulatory rule to issue a supplementary prospectus in connection with the Rights Issue; or

(iv) that any of the warranties given by the Company pursuant to the Underwriting Agreement is (or would if repeated at that time be) untrue or breached; or

(v) any event, act or omission which gives rise or is likely to give rise to any liability of the Company pursuant to the indemnities contained in the Underwriting Agreement; or

(vi) any breach of any of the obligations or undertakings of the Company under the Underwriting Agreement; or

(vii) any adverse change or prospective adverse change in the business or in the financial or trading position or prospects of the Company or any of its subsidiaries or PLDT which in the opinion of the Underwriters is material in the context of the Rights Issue; or

(viii) any of the obligations or undertakings of the Controlling Shareholder under the Controlling Shareholder's Undertaking have not been complied with; or

(ix) the permission to deal in and the listing of the Rights Shares (in their nil-paid and fully-paid forms) has been withdrawn by the Stock Exchange; or

(x) any suspension in trading of Shares on the Stock Exchange for a continuous period of more than one Business Day (other than any suspension for the purpose of obtaining clearance from the Stock Exchange for the publication of the Announcement); or

(b) there develops, occurs, exists or comes into force:

(i) any event or series of events in the nature of force majeure (including, without limitation, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out, outbreak or escalation of hostilities (whether or not war is declared) or declaration of national or international emergency or calamity or crisis) in Hong Kong or Bermuda or any other place in which the Company or any of its subsidiaries or PLDT conducts or carries on business; or

(ii) any new law or regulation or any change in existing laws or regulations (or any change in the interpretation or application thereof by any court or other competent authority) in Hong Kong or Bermuda or any other place in which the Company or any of its subsidiaries or PLDT conducts or carries on business; or

(iii) the declaration of a banking moratorium by the relevant Hong Kong authorities; or

(iv) any event or series of events concerning or relating to or otherwise having an effect on, or any change in, local (including, without limitation, Hong Kong), national, regional or international financial, political, military, industrial, economic, legal, fiscal or regulatory matters or conditions; or

(v) any change in the conditions of local, national or international securities markets (including, without limitation, the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange, the Singapore Stock Exchange, the Philippine Stock Exchange or the Indonesia Stock Exchange); or

(vi) a change or development including a prospective change in taxation or exchange control in Hong Kong or Bermuda or any other place in which the Company or any of its subsidiaries or PLDT conducts or carries on business which will or may adversely affect the Company or any of its subsidiaries or PLDT or the present or prospective shareholders of the Company, and which, in any such case and in the absolute opinion of the Underwriters, will or may (A) be materially adverse to, or materially and prejudicially affect, the business or financial or trading position or prospects of the Company, its subsidiaries and PLDT as a whole or the Rights Issue or the success thereof; or (B) make it inadvisable or inexpedient to proceed with the Rights Issue; or (C) have the effect of making any part of the Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms.

In the event that the Underwriters exercise their right to terminate the Underwriting Agreement, their obligations will cease and the Rights Issue will not proceed, in which case, a further announcement will be made by the Company at the relevant time.

WARNING OF THE RISKS OF DEALING IN SHARES AND NIL-PAID RIGHTS SHARES

The Shares have been dealt with on an ex-rights basis since Thursday, 29 October 2009. The Rights Shares are expected to be dealt with in their nil-paid form from Monday, 9 November 2009 to Monday, 16 November 2009 (both dates inclusive).

The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated. If the condition of the Rights Issue is not fulfilled, the Rights Issue will not proceed. Any dealing in Shares or Rights Shares in their nil-paid form is at an investor's own risk. Any Shareholders or other persons contemplating any dealings in the Shares or Rights Shares in their nil-paid form are advised to exercise caution and to consult their professional advisers.

LOCK-UP UNDERTAKINGS

Pursuant to the Underwriting Agreement, the Company has undertaken to each of the Underwriters that:

(a) except for (i) the Rights Shares to be allotted and issued pursuant to the Rights Issue and (ii) any Shares or other securities or rights issued or granted under existing share schemes or pursuant to the exercise of existing rights of subscription or conversion (including any Share Options as already granted under the Share Option Scheme of the Company adopted on 24 May 2004); or

(b) with the prior written consent of the Underwriters (and which may be given or withheld at the absolute discretion of the Underwriters),

from the date of the Underwriting Agreement up to 90 days after the first day of trading of the Rights Shares on the Stock Exchange, the Company will not (i) allot or issue or sell, or offer to allot or issue or sell, accept subscription for, pledge, lend, mortgage, assign, charge, purchase any option or contract to sell, or grant any option, right or warrant to subscribe for or purchase or lend or otherwise dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or debt capital or other securities of the Company or any interests therein or any securities convertible into or exercisable or exchangeable for any Shares or which carry rights to subscribe for or purchase Shares, or deposit Shares with a depositary in connection with the issue of depositary receipts, or (ii) enter into a transaction (including, without limitation, a swap or other derivative transaction) that transfers, in whole or in part, any of the economic consequences of ownership of any such Shares or debt capital or securities or any interest therein or has an effect on the market in the Shares similar to that of a sale of interest in Shares or repurchase any Shares, or (iii) enter into any transaction with the same economic effect as any transaction described in (i) or (ii) above or (iv) offer or agree or contract or announce any intention to enter into or effect any such transaction described in (i), (ii) or (iii) above.

Pursuant to the Controlling Shareholder's Undertaking, the Controlling Shareholder has undertaken to the Company and each of the Underwriters that from the date of the Controlling Shareholder's Undertaking up to 90 days after the first day of trading of the Rights Shares on the Stock Exchange, he will not and he will procure that none of his associates will (i) sell, transfer or otherwise dispose of any Shares held by him or his relevant associates (as the case may be), or (ii) enter into a transaction that transfers, in whole or in part, the economic consequences of ownership of any such Shares (including without limitation enter into or effect any transaction described in (i) above in respect of any interests, direct or indirect, held by the Controlling Shareholder in any of his associates which have an interest in any such Shares) or (iii) offer or agree or contract or announce any intention to enter into or effect any transaction described in (i) or (ii) above; provided that the Controlling Shareholder's Undertaking shall not prohibit or restrict any sale, transfer or other disposal of Shares (or transaction referred to in (ii) above or agreement or announcement referred to in (iii) above) among the Controlling Shareholder and his associates or between his associates; and further provided that nothing in the Controlling Shareholder's Undertaking shall prohibit or restrict any (A) sale, transfer or other disposal (or any transaction referred to in (ii) above or agreement or announcement referred to in (iii) above) pursuant to any security interest, charge or other encumbrance or rights over or in respect of any Shares in which the Controlling Shareholder is or may become (or any of his associates are or may become) interested which is either in existence as at the date of the Controlling Shareholder's Undertaking or which is or may be granted to or created in favour of any of the Underwriters or their respective affiliates, or (B) the grant or creation of any such security interest, charge or other encumbrance or rights over or in respect of any Shares in which the Controlling Shareholder is or may become (or any of his associates are or may become) interested in favour of any of the Underwriters or their respective affiliates.

NO USE OF THE GENERAL MANDATE

On the basis that the Rights Shares are being offered to Shareholders pro rata to their existing shareholdings (apart from fractional entitlements to Rights Shares and the exclusion of Non-Qualifying Shareholders on the basis described above), in accordance with Listing Rule 13.36(2)(a), there is no requirement for the Rights Issue to be approved by Shareholders in general meeting, nor for the Directors to issue the Rights Shares pursuant to the current general mandate granted to the Directors at the 2009 annual general meeting of the Company.

SHAREHOLDING STRUCTURE

As at the Latest Practicable Date, the Company has 3,216,937,003 Shares in issue and 208,272,000 Share Options outstanding which entitle the holders thereof to subscribe for 208,272,000 Shares, of which a total of 143,100,000 Share Options are vested before the completion of the Rights Issue. The latest date for those Share Options to be exercised in order to enable the holders of the Share Options to have become Shareholders on or before the Record Date, and to thereby qualify for the Rights Issue as Qualifying Shareholders, has already passed. Accordingly, the holders of the Share Options will not receive any nil-paid or fully-paid Rights Shares under the Rights Issue in respect of their Share Options.

Save for the Share Options, as at the Latest Practicable Date the Company has no other outstanding convertible securities, options, or warrants in issue or similar rights which confer any rights to subscribe for, convert into, or exchange into, Shares.

The shareholding structure of the Company upon completion of the Rights Issue, assuming no issue of any other Shares (other than the Rights Shares) on or before completion of the Rights Issue is as follows:

	As at the Latest Practicable Date		**Immediately after completion of the Rights Issue (assuming all Rights Shares are taken up by the Shareholders)**		**Immediately after completion of the Rights Issue (assuming no Rights Shares are taken up by the Shareholders other than the Controlling Shareholder)**	
Shareholders	*No. of Shares*	*%*	*No. of Shares*	*%*	*No. of Shares*	*%*
Controlling Shareholder and associates	1,422,455,963	44.2	1,706,947,154	44.2	1,706,947,154	44.2
Directors (other than the Controlling Shareholder)	40,225,652	1.3	48,270,780	1.3	40,225,652	1.1
Underwriters	–	–	–	–	358,896,209	9.3
Other Shareholders (being public Shareholders)	1,754,255,388	54.5	2,105,106,469	54.5	1,754,255,388	45.4
Total	3,216,937,003	100.0	3,860,324,403	100.0	3,860,324,403	100.0

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The Group is principally engaged in telecommunications, infrastructure, consumer food products and natural resources.

The Company intends to raise net proceeds of approximately HK$2,146.8 million (approximately US$277.0 million) from the Rights Issue, after payment of expenses (equivalent to a net price of approximately HK$3.337 per Rights Share).

The Company intends to apply the net proceeds of the Rights Issue in pursuit of the Group's investment strategies and, in particular, to apply part of such proceeds to expand and develop the Group's mining strategies in the Philippines and in Southeast Asia, and secondly, if suitable opportunities arise, in the Group's infrastructure portfolio in the Philippines held through Metro Pacific Investments Corporation.

The Directors may review and vary the purpose for which the proceeds are used in light of what they consider to be the optimal use of proceeds from time to time. Further announcements will be made, if necessary, in the event of material change to the use of proceeds.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities in the past twelve months before the Latest Practicable Date.

ADJUSTMENTS TO EXERCISE PRICE AND NUMBER OF SHARE OPTIONS

As at the Latest Practicable Date, there are Share Options to subscribe up to an aggregate of 208,272,000 Shares outstanding under the Share Option Scheme. The allotment and issue of the Rights Shares will cause adjustments to the exercise price and number of Share Options.

The adjustments to be made to all outstanding Share Options as certified by the Company's auditors are set out as below:

Number of Share Options before Rights Issue	**Exercise price prior to the Rights Issue** *HK$*	**Number of Share Options after Rights Issue**	**Adjusted exercise price after the Rights Issue** *HK$*
81,852,000	1.76	86,274,058	1.6698
4,500,000	3.275	4,743,113	3.1072
121,920,000	5.33	128,506,733	5.0569
208,272,000		**219,523,904**	

RECENT DEVELOPMENTS

As referred to in the Announcement, the Company's Philippine affiliate, MPIC, has previously stated that it intends to seek to increase its shareholding in Manila Electric Company ("Meralco") to not less than a 20% interest, and is in discussions with various parties with the intention of achieving that objective. The Group and its Philippine affiliated and associated companies currently hold an aggregate approximately 34.7% shareholding in Meralco, with Pilipino Telephone Corporation ("Piltel"), a subsidiary of PLDT, currently holding an approximately 20% shareholding and MPIC holding an approximately 14.7% shareholding.

Since the date of the Announcement, MPIC has been actively engaged in discussions with First Philippine Holdings Corporation ("FPHC"), a Philippine corporation controlled by the Lopez group, which holds approximately 13.4% of Meralco relating to certain arrangements to increase MPIC's shareholding in Meralco by a further approximately 6.7% interest. However, on 30 October 2009, MPIC was informed by FPHC that FPHC had received a competing proposal from a group including Mr. Henry Sy Jr. to purchase all of the approximately 13.4% interest in Meralco held by FPHC. MPIC believes that the proposed purchase price under the competing proposal is Pesos 300 (equivalent to approximately US$6.3 or HK$48.4) per share of Meralco. MPIC has no information at this stage as to how such competing proposal might be financed and discussions between MPIC and FPHC are ongoing with a view to clarifying the implications of the possible competing offer on MPIC's proposed arrangements and establishing whether MPIC's proposed arrangements will proceed.

In connection with any proposal by FPHC to sell its interest in Meralco to any person other than MPIC or Piltel, both MPIC and Piltel have the benefit of certain rights of first refusal and tag-along rights under Agreements dated 12 March 2009 which were entered into between the Lopez group and the persons from whom MPIC and Piltel acquired their respective interests in Meralco (the rights under which were assigned to MPIC and Piltel on their acquisitions of interests in Meralco).

No agreement to increase interests in Meralco by MPIC has been executed as at the date of this Prospectus; nor has any decision been taken in relation to when such an agreement might be executed, or in relation to any possible exercise of MPIC's or Piltel's rights of first refusal and/or tag-along rights under the Agreements referred to above in connection with any possible sale by FPHC of an interest in Meralco to the competing bidder or any other person. The Company will make such further announcements as may be appropriate to update the Shareholders of any material developments in relation to this matter.

QUARTERLY FINANCIAL RESULTS IN RESPECT OF THE THIRD QUARTER OF 2009 PUBLISHED OR TO BE PUBLISHED BY CERTAIN LISTED SUBSIDIARIES AND ASSOCIATED COMPANIES OF THE GROUP AND CERTAIN OTHER LISTED COMPANIES IN WHICH THE GROUP IS INVESTED

Shareholders should note that the following listed subsidiaries and associated companies of the Group, and certain other listed companies in which the Group is invested, have recently announced or will soon be announcing their financial results for the quarter ended 30 September 2009. The table below sets out the names of the relevant companies; the Group's attributable economic interest in each of the relevant companies; the relevant stock exchange on which the securities of each of the relevant companies are listed; and the date/indicative date (which is not fixed and is subject to change) on which the third quarter 2009 financial results are expected to be announced.

Name of relevant company	The Group's attributable economic interest in the relevant company	Stock exchange on which the shares of the relevant company are listed	Date/indicative date for announcement of third quarter 2009 financial results
Indofood Agri Resources Ltd.*	29.1%	Singapore Stock Exchange	11 November 2009
Manila Electric Company	13.2%	Philippine Stock Exchange	29 October 2009
Metro Pacific Investments Corporation*	54.1%	Philippine Stock Exchange	12 November 2009
Metro Pacific Tollways Corporation*	54.0%	Philippine Stock Exchange	13 November 2009
Philex Mining Corporation	30.9%	Philippine Stock Exchange	10 November 2009
Philippine Long Distance Telephone Company*	26.5%	Philippine Stock Exchange	3 November 2009
Pilipino Telephone Corporation	26.3%	Philippine Stock Exchange	29 October 2009
PT Indofood Sukses Makmur Tbk*	50.1%	Indonesia Stock Exchange	15 December 2009
PT Perusahaan Perkebunan London Sumatra Indonesia Tbk*	18.8%	Indonesia Stock Exchange	10 November 2009

Consistent with the Company's past practice, the third quarter 2009 financial results of the companies listed above which have an asterisk next to their respective names have been/will be reproduced by the Company in the form of overseas regulatory announcements published or to be published by the Company in Hong Kong in accordance with Rule 13.09(2) of the Listing Rules, on or around the dates/ indicative dates specified above.

For the remaining companies which do not have an asterisk marked next to their respective names, Shareholders should refer to the relevant public disclosure made by those companies in accordance with the rules of the relevant stock exchange on which their shares are listed.

GENERAL

The unaudited consolidated net asset value of the Company and its subsidiaries as at 30 June 2009 amounted to approximately US$1,327.0 million (approximately HK$10,284.3 million). For the financial year ended 31 December 2008, the audited consolidated profits before and after taxation of the Company and its subsidiaries amounted to approximately US$397.4 million (approximately HK$3,079.9 million) and US$336.6 million (approximately HK$2,608.7 million) respectively. For the financial year ended 31 December 2007, the audited consolidated profits before and after taxation of the Company and its subsidiaries amounted to approximately US$754.5 million (approximately HK$5,847.4 million) and US$665.6 million (approximately HK$5,158.4 million) respectively.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Prospectus.

Yours faithfully,
By Order of the Board
First Pacific Company Limited
Manuel V. Pangilinan
Managing Director and CEO

1. SUMMARY OF FINANCIAL RESULTS AND CONDITIONS OF THE GROUP

The following financial information has been extracted from the audited consolidated financial statements of the Group as published in the Company's annual reports for the years ended 31 December 2007 and 2008 and the unaudited condensed consolidated interim financial statements of the Group as published in the Company's interim report for the six months ended 30 June 2009.

	Six months ended 30 June 2009	**Year ended 31 December 2008**	**2007**	**2006**
	US$ million (Unaudited)	*US$ million* (Audited)	*US$ million* (Audited)	*US$ million* (Audited)
Turnover	1,809.1	4,105.3	3,040.8	2,474.8
Profit before taxation	353.3	397.4	754.5	293.3
Taxation	(52.7)	(61.4)	(94.0)	(71.6)
Profit for the period/year from continuing operations	300.6	336.0	660.5	221.7
Profit for the period/year from a discontinued operation	2.7	0.6	5.1	–
Profit before minority interest	303.3	336.6	665.6	221.7
Minority interest	(139.0)	(135.8)	(160.8)	(57.2)
Profit attributable to owners of the parent	164.3	200.8	504.8	164.5
Ordinary share dividends				
Interim – 2009: U.S. 0.51 cent (2008: U.S. 0.38 cent, 2007: U.S. 0.26 cent, 2006: U.S. 0.13 cent) per share	16.5	12.3	8.2	4.1
Special – 2008: Nil (2007: U.S. 0.38 cent, 2006: U.S. 0.12 cent) per share	N/A	–	12.3	3.9
Proposed final – 2008: U.S. 0.77 cent (2007: U.S. 0.64 cent, 2006: U.S. 0.45 cent) per share	N/A	24.7	20.6	14.4
Total	16.5	37.0	41.1	22.4
Earnings per share (U.S. cents)				
– Basic	5.11	6.23	15.72	5.15
– Diluted	5.05	5.93	15.29	5.06

N/A: Not applicable

Assets and liabilities of the Group

	As at 30 June	As at 31 December		
	2009	**2008**	**2007**	**2006**
	US$ million	*US$ million*	*US$ million*	*US$ million*
	(Unaudited)	(Audited)	(Audited)	(Audited)
Total assets	7,569.4	7,199.0	5,221.1	2,883.5
Less: Total liabilities	4,832.3	4,823.8	3,098.1	1,850.7
Minority interest	1,410.1	1,245.1	991.7	450.1
Net assets	1,327.0	1,130.1	1,131.3	582.7

2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

The following are the audited financial statements of the Group for the year ended 31 December 2008 together with the accompanying notes as extracted from the annual report of the Company for the year ended 31 December 2008.

Consolidated Profit and Loss Statement

For the year ended 31 December *US$ millions*	*Notes*	**2008**	**2007** (Restated)[i]
Turnover	4	4,105.3	3,040.8
Cost of sales		(3,103.4)	(2,320.7)
Gross Profit		1,001.9	720.1
Gain on dilutions and divestments		28.7	356.1
Distribution costs		(273.9)	(254.2)
Administrative expenses		(256.8)	(170.7)
Other operating (expenses)/income, net		(144.9)	0.6
Net borrowing costs	5	(150.5)	(137.1)
Share of profits less losses of associated companies and joint ventures		192.9	239.7
Profit Before Taxation	6	397.4	754.5
Taxation	7	(61.4)	(94.0)
Profit for the Year from Continuing Operations		336.0	660.5
Profit for the year from a discontinued operation	8	0.6	5.1
Profit for the Year		336.6	665.6
Attributable to:			
Equity holders of the parent	9	200.8	504.8
Minority interest		135.8	160.8
		336.6	665.6
Ordinary Share Dividends	10		
Interim – U.S. 0.38 cent (2007: U.S. 0.26 cent) per share		12.3	8.2
Proposed special – Nil (2007: U.S. 0.38 cent) per share		–	12.3
Proposed final – U.S. 0.77 cent (2007: U.S. 0.64 cent) per share		24.7	20.6
Total		37.0	41.1

For the year ended 31 December		**2008**	**2007**
US$ millions	*Notes*		(Restated)[(i)]
Earnings Per Share Attributable to Equity Holders of the Parent (U.S. cents)	11		
Basic			
– For profit from continuing operations		6.23	15.67
– For profit from a discontinued operation		–	0.05
– For profit for the year		6.23	15.72
Diluted			
– For profit from continuing operations		5.93	15.24
– For profit from a discontinued operation		–	0.05
– For profit for the year		5.93	15.29

(i) Refer to Note 2(B)

The accompanying notes form an integral part of the Financial Statements.

Consolidated Balance Sheet

At 31 December		**2008**	**2007**
US$ millions	*Notes*		(Restated)[i]
Non-current Assets			
Property, plant and equipment	12	808.4	784.1
Plantations	13	744.5	881.5
Associated companies and joint ventures	15	1,202.3	1,304.7
Goodwill	16	675.6	347.2
Other intangible assets	17	1,538.5	–
Accounts receivable, other receivables and prepayments	18	3.0	37.0
Prepaid land premiums	19	153.2	151.4
Available-for-sale assets	20	1.7	6.0
Deferred tax assets	21	38.7	45.0
Financial assets at fair value through profit or loss	22	–	79.8
Other non-current assets	23	217.1	110.0
		5,383.0	3,746.7
Current Assets			
Cash and cash equivalents	24	625.9	600.8
Pledged deposits	34(C)	12.0	–
Available-for-sale assets	20	56.9	24.1
Accounts receivable, other receivables and prepayments	18	435.5	355.5
Inventories	25	557.4	494.0
		1,687.7	1,474.4
Assets of a disposal group classified as held for sale	8	128.3	–
		1,816.0	1,474.4

At 31 December *US$ millions*	*Notes*	2008	2007 (Restated)[(i)]
Current Liabilities			
Accounts payable, other payables and accruals	26	667.4	485.6
Short-term borrowings	27	1,207.0	1,000.1
Provision for taxation	28	55.8	52.9
Current portion of deferred liabilities and provisions	29	39.4	17.4
		1,969.6	1,556.0
Liabilities directly associated with the assets classified as held for sale	8	106.1	–
		2,075.7	1,556.0
Net Current Liabilities		(259.7)	(81.6)
Total Assets Less Current Liabilities		5,123.3	3,665.1
Equity			
Issued share capital	30	32.1	32.2
Other reserves	31	902.0	1,048.6
Retained earnings		196.0	50.5
Equity attributable to equity holders of the parent		1,130.1	1,131.3
Minority interest	32	1,245.1	991.7
Total Equity		2,375.2	2,123.0
Non-current Liabilities			
Long-term borrowings	27	1,951.7	1,044.5
Deferred liabilities and provisions	29	432.4	180.5
Deferred tax liabilities	21	364.0	310.8
Derivative liability	33	–	6.3
		2,748.1	1,542.1
		5,123.3	3,665.1

(i) Refer to Note 2(B)

The accompanying notes form an integral part of the Financial Statements.

On behalf of the Board of Directors

MANUEL V. PANGILINAN
Managing Director and Chief Executive Officer

EDWARD A. TORTORICI
Executive Director

25 March 2009

Company Balance Sheet

At 31 December		**2008**	**2007**
US$ millions	*Notes*		
Non-current Assets			
Subsidiary companies	14	996.2	906.2
Loans to a joint venture		–	104.3
		996.2	1,010.5
Current Assets			
Cash and cash equivalents	24	45.9	106.3
Amounts due from subsidiary companies	14(A)	1,889.5	1,781.8
Other receivables and prepayments		0.1	0.2
		1,935.5	1,888.3
Current Liabilities			
Amounts due to subsidiary companies	14(B)	832.6	814.5
Other payables and accruals		0.6	0.6
		833.2	815.1
Net Current Assets		1,102.3	1,073.2
Total Assets Less Current Liabilities		2,098.5	2,083.7
Equity			
Issued share capital	30	32.1	32.2
Other reserves		1,182.2	1,162.5
Retained earnings		344.0	348.1
Equity attributable to equity holders of the parent		1,558.3	1,542.8
Non-current Liabilities			
Loans from subsidiary companies	14(C)	540.2	540.9
		2,098.5	2,083.7

The accompanying notes form an integral part of the Financial Statements.

On behalf of the Board of Directors

MANUEL V. PANGILINAN
Managing Director and Chief Executive Officer

EDWARD A. TORTORICI
Executive Director

25 March 2009

Consolidated Statement of Changes in Equity

		Equity attributable to equity holders of the parent										
US$ millions	*Notes*	Issued share capital	Share premium	Share options issued	Unrealized gains/ (losses) on available-for-sale assets	Unrealized (losses)/ gains on cash flow hedges	Exchange reserve	Capital and other reserves	(Accumulated losses)/ retained earnings	Total	Minority interest	Total equity
Balance at 1 January 2007		32.0	964.2	11.3	51.9	(6.6)	(42.7)	(2.6)	(424.8)	582.7	450.1	1,032.8
Changes in equity for 2007:												
Exchange differences on translating foreign operations		–	–	–	–	–	84.2	–	–	84.2	(29.5)	54.7
Unrealized gains on available-for-sale assets		–	–	–	3.9	–	–	–	–	3.9	2.2	6.1
Realized gains on available-for-sale assets		–	–	–	(45.5)	–	–	–	–	(45.5)	(3.3)	(48.8)
Unrealized gains on cash flow hedges		–	–	–	–	13.4	–	–	–	13.4	–	13.4
Net income and expense recognized directly in equity		–	–	–	(41.6)	13.4	84.2	–	–	56.0	(30.6)	25.4
Profit for the year		–	–	–	–	–	–	–	504.8	504.8	160.8	665.6
Total recognized income and expense for the year		–	–	–	(41.6)	13.4	84.2	–	504.8	560.8	130.2	691.0
Divestment and dilution of interest in an associated company		–	–	–	–	0.5	3.3	–	–	3.8	–	3.8
Dilution of interest in subsidiary companies		–	–	–	–	–	(0.8)	0.3	–	(0.5)	–	(0.5)
Acquisition of subsidiary companies	34(A)	–	–	–	–	–	–	–	–	–	203.5	203.5
Change in attributable interests		–	–	–	–	–	–	–	–	–	222.9	222.9
Dividends paid to minority shareholders		–	–	–	–	–	–	–	–	–	(15.0)	(15.0)
Issue of shares upon the exercise of share options	30(A)	0.2	7.5	(2.4)	–	–	–	–	–	5.3	–	5.3
Repurchase and cancellation of shares	30(B)	–	–	–	–	–	–	–	(3.0)	(3.0)	–	(3.0)
Equity-settled share option arrangements		–	–	8.7	–	–	–	–	–	8.7	–	8.7
2006 special dividend		–	–	–	–	–	–	–	(3.9)	(3.9)	–	(3.9)
2006 final dividend		–	–	–	–	–	–	–	(14.4)	(14.4)	–	(14.4)
2007 interim dividend	10	–	–	–	–	–	–	–	(8.2)	(8.2)	–	(8.2)
Balance at 31 December 2007 (Restated)[(i)]		32.2	971.7	17.6	10.3	7.3	44.0	(2.3)	50.5	1,131.3	991.7	2,123.0

US$ millions	Notes	Equity attributable to equity holders of the parent: Issued share capital	Share premium	Share options issued	Unrealized gains/ (losses) on available-for-sale assets	Unrealized (losses)/ gains on cash flow hedges	Exchange reserve	Capital and other reserves	(Accumulated losses)/ retained earnings	Total	Minority interest	Total equity
Balance at 31 December 2007												
As previously reported		32.2	971.7	17.6	10.3	7.3	44.2	(2.3)	56.1	1,137.1	992.6	2,129.7
Prior year adjustments	2(B)	–	–	–	–	–	(0.2)	–	(5.6)	(5.8)	(0.9)	(6.7)
As restated[i]		32.2	971.7	17.6	10.3	7.3	44.0	(2.3)	50.5	1,131.3	991.7	2,123.0
Changes in equity for 2008:												
Exchange differences on translating foreign operations		–	–	–	–	–	(159.9)	–	–	(159.9)	(177.2)	(337.1)
Unrealized gains on available-for-sale assets		–	–	–	1.6	–	–	–	–	1.6	1.3	2.9
Realized gains on available-for-sale assets		–	–	–	(0.1)	–	–	–	–	(0.1)	–	(0.1)
Unrealized losses on cash flow hedges		–	–	–	–	(5.9)	–	–	–	(5.9)	–	(5.9)
Net income and expense recognized directly in equity		–	–	–	1.5	(5.9)	(159.9)	–	–	(164.3)	(175.9)	(340.2)
Profit for the year		–	–	–	–	–	–	–	200.8	200.8	135.8	336.6
Total recognized income and expense for the year		–	–	–	1.5	(5.9)	(159.9)	–	200.8	36.5	(40.1)	(3.6)
Divestment and dilution of interest in an associated company		–	–	–	–	–	(0.3)	–	–	(0.3)	–	(0.3)
Dilution of interest in subsidiary companies		–	–	–	–	–	0.2	–	–	0.2	–	0.2
Acquisition of subsidiary companies	34(A)	–	–	–	–	0.5	–	(2.4)	–	(1.9)	295.1	293.2
Change in attributable interests		–	–	–	–	–	–	–	–	–	25.7	25.7
Reserve of a disposal group classified as assets held for sale		–	–	–	(0.1)	–	–	0.1	–	–	–	–
Dividends paid to minority shareholders		–	–	–	–	–	–	–	–	–	(27.3)	(27.3)
Issue of shares upon the exercise of share options	30(A)	0.1	2.4	(0.9)	–	–	–	–	–	1.6	–	1.6
Repurchase and cancellation of shares	30(B)	(0.2)	–	–	–	–	–	0.2	(10.1)	(10.1)	–	(10.1)
Equity-settled share option arrangements		–	–	18.0	–	–	–	–	–	18.0	–	18.0
2007 special dividend	10	–	–	–	–	–	–	–	(12.3)	(12.3)	–	(12.3)
2007 final dividend	10	–	–	–	–	–	–	–	(20.6)	(20.6)	–	(20.6)
2008 interim dividend	10	–	–	–	–	–	–	–	(12.3)	(12.3)	–	(12.3)
Balance at 31 December 2008		32.1	974.1	34.7	11.7	1.9	(116.0)	(4.4)	196.0	1,130.1	1,245.1	2,375.2

(i) Refer to Note 2(B)

The accompanying notes form an integral part of the Financial Statements.

Company Statement of Changes in Equity

US$ millions	*Notes*	Issued share capital	Share premium	Share options issued	Capital redemption reserve	Contributed surplus	Retained earnings	Total
Balance at 1 January 2007		32.0	964.2	10.7	–	173.8	265.6	1,446.3
Profit for the year		–	–	–	–	–	112.0	112.0
Issue of shares upon the exercise of share options	30(A)	0.2	7.5	(2.4)	–	–	–	5.3
Repurchase and cancellation of shares	30(B)	–	–	–	–	–	(3.0)	(3.0)
Equity-settled share option arrangements	36(A)	–	–	8.7	–	–	–	8.7
2006 special dividend		–	–	–	–	–	(3.9)	(3.9)
2006 final dividend		–	–	–	–	–	(14.4)	(14.4)
2007 interim dividend	10	–	–	–	–	–	(8.2)	(8.2)
Balance at 31 December 2007		32.2	971.7	17.0	–	173.8	348.1	1,542.8
Profit for the year		–	–	–	–	–	51.2	51.2
Issue of shares upon the exercise of share options	30(A)	0.1	2.4	(0.9)	–	–	–	1.6
Repurchase and cancellation of shares	30(B)	(0.2)	–	–	0.2	–	(10.1)	(10.1)
Equity-settled share option arrangements	36(A)	–	–	18.0	–	–	–	18.0
2007 special dividend	10	–	–	–	–	–	(12.3)	(12.3)
2007 final dividend	10	–	–	–	–	–	(20.6)	(20.6)
2008 interim dividend	10	–	–	–	–	–	(12.3)	(12.3)
Balance at 31 December 2008		32.1	974.1	34.1	0.2	173.8	344.0	1,558.3

The accompanying notes form an integral part of the Financial Statements.

Consolidated Cash Flow Statement

For the year ended 31 December		**2008**	**2007**
US$ millions	*Notes*		(Restated)(i)
Profit Before Taxation			
From continuing operations		397.4	754.5
From a discontinued operation		1.3	6.8
Adjustments for:			
Interest expenses	5	185.3	167.8
Loss/(gain) on changes in fair value of plantations	6	97.7	(22.0)
Foreign exchange and derivative losses/(gains), net	6	83.2	(20.0)
Depreciation	6	79.2	64.5
Impairment losses recognized		43.9	38.7
Decrease/(increase) in accounts receivable, other receivables and prepayments (Non-current)		37.5	(2.3)
Amortization of other intangible assets	17	27.3	–
Equity-settled share option expense	36(A)	18.0	8.7
Recognition of prepaid land premiums	6	7.1	2.8
Share of profits less losses of associated companies and joint ventures		(192.9)	(239.7)
Increase in other non-current assets		(35.7)	(10.4)
Interest income	5	(34.8)	(30.7)
Gain on dilution of interest in subsidiary companies	6	(18.9)	(149.6)
Gain on divestment and dilution of interest in an associated company	6	(9.8)	(206.5)
Realized gain on sale of available-for-sale assets	6	(0.6)	(25.0)
Gain on sale of property, plant and equipment	6	(0.6)	(0.2)
Dividend income from available-for-sale assets	6	(0.5)	–
Dividend income from financial assets at fair value through profit or loss	6	–	(2.9)
Others		(7.5)	26.2
		676.6	360.7
Increase in accounts payable, other payables and accruals		69.1	137.1
Increase in inventories		(160.3)	(116.1)
Increase in accounts receivable, other receivables and prepayments (Current)		(151.6)	(84.4)
Net cash generated from operations(ii)		433.8	297.3
Interest received		40.7	30.3
Interest paid		(196.9)	(113.6)
Tax paid	28	(112.4)	(83.3)
Net Cash Inflow from Operating Activities		165.2	130.7

(i) Refer to Note 2(B)

(ii) Changes in working capital are stated excluding movements due to acquisition and disposal of subsidiary companies.

For the year ended 31 December *US$ millions*	*Notes*	2008	2007 (Restated)[(i)]
Dividend received from associated companies	15(B)	211.9	155.0
Proceeds from sale of property, plant and equipment		20.8	7.8
Acquisition of subsidiary companies	34(A)	(611.8)	(517.6)
Purchase of property, plant and equipment		(163.4)	(69.5)
Investments in associated companies	34(B)	(140.5)	–
Investments in plantations		(76.7)	(36.8)
Investments in intangible assets		(67.8)	–
Acquisition of available-for-sale assets		(38.9)	–
Loans and advances to a joint venture, net		(19.0)	(96.0)
Deposits for increased investments in subsidiary companies		(12.9)	–
Proceeds from divestment principally of financial assets at fair value through profit or loss		–	49.1
Proceeds from disposal of available-for-sale assets		–	31.2
Dividend received from financial assets at fair value through profit or loss		–	2.9
Increased investment in associated companies		–	(514.8)
Increased investment in a subsidiary company		–	(25.6)
Net Cash Outflow from Investing Activities		(898.3)	(1,014.3)
Proceeds from new borrowings		1,871.1	1,793.8
Proceeds from sale of shares by a subsidiary company		62.1	–
Proceeds from the issue of shares upon the exercise of share options		1.6	5.3
Borrowings repaid		(1,050.9)	(824.1)
Dividends paid to shareholders		(45.2)	(26.5)
Dividends paid to minority interest by subsidiary companies		(27.3)	(15.0)
Repurchase of shares		(10.1)	(3.0)
Repurchase of subsidiary companies' shares		(7.7)	–
Shares issued to minority interest by subsidiary companies		–	264.0
Decrease in pledged deposits and restricted cash		–	31.3
Payments in respect of financing arrangements		–	(6.0)
Net Cash Inflow from Financing Activities		793.6	1,219.8
Net Increase in Cash and Cash Equivalents		60.5	336.2
Cash and cash equivalents at 1 January		600.8	267.4
Exchange translation		(35.4)	(2.8)
Cash and Cash Equivalents at 31 December		625.9	600.8

(i) Refer to Note 2(B)

The accompanying notes form an integral part of the Financial Statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

First Pacific Company Limited is a Hong Kong-based investment and management company with operations located in Asia. Its principal business interests relate to telecommunications, consumer food products, infrastructure and natural resources.

The Group comprises the Company and its subsidiary companies.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda.

The Company's ordinary shares are listed on the SEHK. Its shares are also available in the US through ADRs.

2. BASIS OF PREPARATION, SUMMARY OF PRINCIPAL ACCOUNTING POLICIES AND CHANGES

(A) Basis of Preparation

The Financial Statements have been prepared in accordance with HKFRSs (which include all HKFRSs, HKASs and Interpretations) issued by the HKICPA, Hong Kong GAAP and the disclosure requirements of the Hong Kong Companies Ordinance and the Listing Rules. The Financial Statements have been prepared under the historical cost convention except for plantations, financial assets at fair value through profit or loss, available-for-sale assets and derivative financial instruments which, as disclosed in the accounting policies below, are stated at fair value. These Financial Statements are presented in US (U.S.) dollars and rounded to the nearest million (US$ millions) with one decimal place except when otherwise indicated.

(B) Impact of New and Revised HKFRSs and Changes in Accounting Policies

Certain changes to Hong Kong GAAP have been implemented during 2008 as a consequence of the following new and revised HKFRSs issued by the HKICPA:

HKAS 39 and HKFRS 7 Amendments	"Reclassification of Financial Assets"[(i)]
HK(IFRIC)-Int 11	"HKFRS 2 – Group and Treasury Share Transactions"[(ii)]
HK(IFRIC)-Int 12	"Service Concession Arrangements"[(iii)]
HK(IFRIC)-Int 14	"HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"[(iii)]

(i) Effective from 1 July 2008
(ii) Effective for annual periods commencing on or after 1 March 2007
(iii) Effective for annual periods commencing on or after 1 January 2008

The adoption of HKAS 39 and HKFRS 7 Amendments, HK(IFRIC)-Int 11 and HK(IFRIC)-Int 14 has had no effect on both the profit attributable to equity holders of the parent for the years ended 31 December 2008 and 31 December 2007 and equity attributable to equity holders of the parent at 31 December 2008 and 31 December 2007. The impact of adopting HK(IFRIC)-Int 12 is summarized as follows.

HK(IFRIC)-Int 12 covers contractual arrangements arising from private entities providing public services. The Group's adoption of HK(IFRIC)-Int 12 affects its accounting for the results of operations and financial position of its joint venture (which become a subsidiary company of the Group since July 2008), Maynilad. Maynilad holds an exclusive concession, granted by Metropolitan Waterworks and Sewerage System (MWSS) on behalf of the Philippine government, to provide water and sewerage services and charge users for the services provided in the area of West Metro Manila. Under HK(IFRIC)-Int 12, Maynilad (i) recognized the value of concession assets as intangible assets (subject to amortization) and the present value of concession fees payable (subject to accretion of interest expenses) during the entire concession period retrospectively, (ii) reclassified certain of its property, plant and equipment (representing the water infrastructure) which will be vested to MWSS at the end of the concession period as its concession assets and amortized on a straight-line basis over the concession period (which results in changes in depreciation and amortization expenses), (iii) recognized contract revenue, costs and margins for its services of constructing and upgrading the infrastructure used to provide its services, and (iv) retranslated the foreign currency denominated portion of the concession fees payable and loans based on the closing exchange rate at each balance sheet date and capitalized the foreign exchange differences as deferred credits or charges given the existence of a recovery mechanism for these foreign exchange differences in accordance with the concession agreement entered into between MWSS and Maynilad.

Upon DMWC's acquisition of Maynilad in January 2007, the Group has already accounted for Maynilad's concession assets at fair value and recognize the present value of concession fees payable the remaining concession life. Therefore, the financial impact of the Group's adoption of HK(IFRIC)-Int 12 is limited to (i) a reclassification of certain property, plant and equipment to concession assets and their amortization over the remaining concession life, (ii) a recognition of construction revenue, costs and margins, and (iii) a recognition of foreign exchange differences arising from the retranslation of foreign currency denominated portion of concession fees payable and loans as deferred credits or charges.

The effect of the above changes is summarized below:

(a) Effect on the consolidated balance sheet at 31 December 2008 and 2007

Effect of new accounting policies **At 31 December** *US$ millions*	**2008**	**2007**
Assets		
Decrease in property, plant and equipment	(382.5)	–
Increase in other intangible assets	388.2	–
Decrease in associated companies and joint ventures	–	(6.7)
	5.7	(6.7)
Liabilities/Equity		
Decrease in deferred liabilities and provisions	(9.7)	–
Increase in deferred tax liabilities	3.6	–
Increase/(decrease) in retained earnings	5.0	(5.6)
Decrease in exchange reserve	(0.3)	(0.2)
Increase/(decrease) in minority interest	7.1	(0.9)
	5.7	(6.7)

(b) *Effect on the consolidated profit and loss statement for the years ended 31 December 2008 and 2007*

Effect of new accounting policies **For the year ended 31 December** *US$ millions*	**2008**	**2007**
Decrease in cost of sales	0.5	–
Decrease in other operating expenses, net	18.7	–
Increase/(decrease) in share of profits less losses of associated companies and joint ventures	6.0	(6.1)
Increase in taxation	(6.0)	–
Increase/(decrease) in profit for the year	19.2	(6.1)
Attributable to:		
Equity holders of the parent	10.6	(5.6)
Minority interest	8.6	(0.5)
Increase/(decrease) in profit for the year	19.2	(6.1)
Increase/(decrease) in earnings per share attributable to equity holders of the parent (U.S cents)		
Basic	0.33	(0.17)
Diluted	0.33	(0.17)

(C) Impact of Issued but not yet Effective HKFRSs

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these Financial Statements.

HKAS 1 (Revised)	"Presentation of Financial Statements"
HKAS 23 (Revised)	"Borrowing Costs"
HKAS 27 (Revised)	"Consolidated and Separate Financial Statements"
HKAS 32 and HKAS 1 Amendments	"Puttable Financial Instruments and Obligations Arising on Liquidation"
HKAS 39 Amendments	"Eligible Hedged Items"
HKFRS 1 and HKAS 27 Amendments	"Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate"
HKFRS 1 (Revised)	"First-time Adoption of Hong Kong Financial Reporting Standards"
HKFRS 2 Amendments	"Share-based Payment – Vesting Conditions and Cancellations"
HKFRS 3 (Revised)	"Business Combinations"
HKFRS 7 Amendments	"Financial Instruments: Disclosures"
HKFRS 8	"Operating Segments"
HK(IFRIC)-Int 13	"Customer Loyalty Programmes"
HK(IFRIC)-Int 15	"Agreements for the Construction of Real Estate"
HK(IFRIC)-Int 16	"Hedges of a Net Investment in a Foreign Operation"
HK(IFRIC)-Int 17	"Distribution of Non-cash Assets to Owners"
HK(IFRIC)-Int 18	"Transfer of Assets from Customers"
Annual Improvements to HKFRSs	"Improvements to HKFRS"

HKAS 1 (Revised) shall be applied for annual periods beginning on or after 1 January 2009. The main change relates to the separation of owner and non-owner changes in the statement of changes in equity. Owners represent the holders of financial instruments classified as equity. The revised standard requires the statement of changes in equity to include only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, the revised standard introduces the statement of comprehensive income which presents all items of income and expense recognized in profit or loss together with all other items of recognized income and expense.

HKAS 23 (Revised) shall be applied for annual periods beginning on or after 1 January 2009. The main change is the removal of the option of immediately recognizing as an expense for borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. An entity is, therefore, required to capitalize borrowing costs as part of the cost of such assets.

HKAS 27 (Revised) shall be applied for annual periods beginning on or after 1 July 2009. The revised standard replaces the term “minority interest” with “non-controlling interest” and requires changes in a parent’s ownership interest in a subsidiary company that do not result in a loss of control to be accounted for as equity transactions.

HKAS 32 and HKAS 1 Amendments shall be applied for annual periods beginning on or after 1 January 2009. The amendments require entitles to classify (a) puttable financial instruments and (b) instruments, or components of instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation as equity, if they have particular features and fulfill certain specific criteria.

HKAS 39 Amendments address the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. They clarify that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as hedged item.

HKFRS 1 and HKAS 27 Amendments should be applied for annual periods beginning on or after 1 January 2009. The HKAS 27 Amendments require all dividends from subsidiaries, associates or jointly controlled entities to be recognized in the income statement in the separate financial statements. The amendments are applied prospectively only. The HKFRS 1 Amendments allow a first-time adopter of HKFRSs to measure its investment in subsidiaries, associates or jointly controlled entities using a deemed cost of either fair value or the carrying amount under the previous accounting practice in the separate financial statements.

HKFRS 1 (Revised) shall be applied for annual periods beginning on or after 1 July 2009. The revised version has an improved structure but does not contain any technical changes.

HKFRS 2 Amendments shall be applied for annual periods beginning on or after 1 January 2009. The amendments clarify that vesting conditions are service conditions and performance conditions only and that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment.

HKFRS 3 (Revised) shall be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual period beginning on 1 July 2009. The revised standard requires (a) for partial acquisitions, non- controlling interests shall be measured either as their proportionate interest in the net identifiable assets or at fair value; (b) for step acquisitions, goodwill shall be measured as the difference at the acquisition date between the fair value of any investment in the business held before the acquisition, the consideration transferred and the net assets acquired; (c) the recognition of acquisition-related costs as expenses, rather than included in goodwill and (d) the recognition of contingent consideration measured at fair value at the acquisition date.

HKFRS 7 Amendments shall be applied for annual periods beginning on or after 1 January 2009. The amendments require fair value measurements to be disclosed by the source of inputs, using the three-level hierarchy of (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly (as prices) or indirectly (derived from prices) (Level 2) and (c) inputs for the assets or liabilities that are not based on observable market data (unobservable inputs) (Level 3).

HKFRS 8 shall be applied for annual periods beginning on or after 1 January 2009. The standard adopts a management approach to reporting segment information. The information reported would be that which management uses internally for evaluating the performance of operating segments and allocating resources to those segments. HKFRS 8 will replace HKAS 14 "Segment Reporting".

HK(IFRIC)-Int 13 shall be applied for annual periods beginning on or after 1 July 2008. This interpretation requires that loyalty award credits granted to customers as part of a sales transaction are accounted for as a separate component of the sales transaction. The consideration received in the sales transaction is allocated between the loyalty award credits and the other components of the sale. The amount allocated to the loyalty award credits is determined by reference to their fair value and is deferred until the awards are redeemed or the liability is otherwise extinguished.

HK(IFRIC)-Int 15 shall be applied for annual periods beginning on or after 1 January 2009. This interpretation standardizes accounting practice across jurisdictions for the recognition of revenue by real estate developers for sales of units, including the sale of properties before their constructions are complete. In addition, the interpretation provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of HKAS 11 "Construction Contracts" or HKAS 18 "Revenue" and, accordingly, when revenue from the construction should be recognized.

HK(IFRIC)-Int 16 shall be applied for annual periods beginning on or after 1 October 2008. This interpretation clarifies the issues of (a) whether risk arises from (i) the foreign currency exposure to the functional currencies of the foreign operation and the parent entity, or from (ii) the foreign currency of the foreign operation and the presentation currency of the parent entity's consolidated financial statements; (b) which entity within the group can hold a hedging instrument in a hedge of a net investment in a foreign operation and (c) how an entity should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item when the entity disposes of the investment.

HK(IFRIC)-Int 17 shall be applied for annual periods beginning on or after 1 July 2009. This interpretation provides guidance to the entities which distributes assets other than cash (i.e., non-cash assets to its owners acting in their capacity as owners) The interpretation requires entities to (a) recognize the dividend payable when the dividend is appropriately authorized and is no longer at the discretion of the entity; (b) measure the dividend payable at the fair value of the assets to be distributed and (c) recognize the difference between the carrying amount of the assets distributed and the carrying amount of the dividend payable in the profit and loss when the entities settle the dividend payable.

HK(IFRIC)-Int 18 shall be applied for the transfer of assets from customers received on or after 1 July 2009. This interpretation requires that when an entity receives from a customer a transfer of an item of property, plant and equipment, it should recognize the asset only if it acquires a control of that asset, instead of by reference to the receipt of a right of ownership.

Improvements to HKFRSs sets out certain amendments to HKFRSs made in response to International Accounting Standards Board's annual improvement projects, which include certain changes that may result in accounting changes for presentation, recognition or measurement purposes. The key amendments are summarized as follows.

HKAS 1 "Presentation of Financial Statements" Amendment shall be applied for annual periods beginning on or after 1 January 2009. The amendment clarifies that some rather than all financial assets and liabilities classified as held for trading in accordance with HKAS 39 are examples of current assets and liabilities, respectively.

HKAS 16 "Property, Plant and Equipment" Amendment shall be applied for annual periods beginning on or after 1 January 2009. The amendment requires entities which routinely sell items of property, plant and equipment that it has held for rental to others to (a) recognize the proceeds from the sale of such assets as revenue in accordance with HKAS 18 and (b) transfer the carrying amount of the asset to inventories when the asset ceases to be rental and becomes held for sale.

HKAS 19 "Employee Benefits" Amendment shall be applied for annual periods beginning on or after 1 January 2009. The amendment clarifies that (a) a plan amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation; (b) plan administration costs are deducted in the calculation of return on plan assets only to the extent that such costs have been excluded from measurement of the defined benefit obligation; and (c) the distinction between short-term and long-term employee benefits should be based on whether benefits are due to be settled within or after 12 months of employee service being rendered.

HKAS 23 "Borrowing Costs" Amendment shall be applied for annual periods beginning on or after 1 January 2009. The amendment clarifies that interest expense should be calculated using the effective interest method defined in HKAS 39.

HKAS 27 "Consolidated and Separate Financial Statements" Amendment shall be applied for annual periods beginning on or after 1 January 2009. The amendment clarifies that where an investment in a subsidiary that is accounted for under HKAS 39, is classified as held for sale under HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", HKAS 39 will continue to be applied.

HKAS 28 "Investment in Associates" Amendment shall be applied for annual periods beginning on or after 1 January 2009. The amendment requires an investment in associate to be treated as a single asset for the purpose of impairment testing and any impairment loss not to be allocated to any specific assets, including goodwill that forms part of the carrying amount of the investment in the associate. Accordingly, any reversal of that impairment loss is recognized in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases. In addition, the amendment clarifies that where an investment in associate is accounted for in accordance with HKAS 39, only certain rather than all disclosure requirements in HKAS 28 need to be made in addition to disclosures required by HKAS 32 "Financial Instruments: Presentation" and HKFRS 7 "Financial Instruments: Disclosures".

HKAS 31 "Interests in Joint Ventures" Amendment shall be applied for annual periods beginning on or after 1 January 2009. The amendment clarifies that where an investment in joint venture is accounted for in accordance with HKAS 39, only certain rather than all disclosure requirements in HKAS 31 need to be made in addition to disclosures required by HKAS 32 and HKFRS 7.

HKAS 36 "Impairment of Assets" Amendment shall be applied for annual periods beginning on or after 1 January 2009. The amendment requires disclosure equivalent to those for value-in-use calculation to be made when using discounted cash flow projections in determining fair value less costs to sell in assessing recoverable amounts.

HKAS 38 "Intangible Assets" Amendment shall be applied for annual periods beginning on or after 1 January 2009. The amendment (a) clarifies that an entity should recognize expenditure on goods and services received when it receives those goods or services in relation to advertising and promotional activities; and (b) removes the statement which is perceived as preventing an entity from using a method that results in a lower rate of amortization than the straight-line method.

HKAS 39 "Financial Instruments: Recognition and Measurement" Amendment shall be applied for annual periods beginning on or after 1 January 2009. The amendment (a) clarifies that it is possible for there to be movements into and out of the fair value through profit or loss category where a derivative commences or ceases to qualify as a hedging instrument in cash flow or net investment hedge; (b) removes the requirement for hedge accounting to be applied at segment level and (c) requires a revised effective interest rate to be used when remeasuring the carrying amount of a debt instrument on cessation of fair value hedge accounting.

HKAS 40 "Investment Property" Amendment shall be applied for annual periods beginning on or after 1 January 2009. The amendment requires (a) property that is under construction or development for future use as investment property to be accounted for as investment property in accordance with HKAS 40 and (b) investment property under construction to be measured at cost until its fair value becomes reliably determinable or construction is complete (whichever is earlier).

HKAS 41 "Agriculture" Amendment shall be applied for annual periods beginning on or after 1 January 2009. The amendment requires (a) the use of market-based discount rate in measuring the fair value of a biological asset based on its present value of expected net cash flows and (b) requires the inclusion of the net cash flows that market participants would expect the asset to generate in its most relevant market in calculating fair value.

HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" Amendment shall be applied for annual periods beginning on or after 1 July 2009. The amendment requires an entity that is committed to a sale plan involving loss of control of a subsidiary to classify all assets and liabilities of that subsidiary as held for sale when the criteria set out in HKFRS 5 are met.

The Group has not early adopted the above new and revised HKFRSs for the year ended 31 December 2008. The Company has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on its results of operations and financial position and presentation of consolidated financial statements.

(D) Summary of Principal Accounting Policies

(a) Basis of consolidation

The Financial Statements include the financial statements of the Company and its subsidiary companies for the year ended 31 December 2008. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

A subsidiary company is an entity controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

The results of subsidiary companies acquired or disposed of during the year are included in the consolidated profit and loss statement from the effective date of acquisition, being the date on which the Group obtains control, or up to the effective date of disposal, as appropriate. The gain or loss on disposal of a subsidiary company represents the difference between the net proceeds from sale and the Group's share of its net assets, including the attributable carrying amount of goodwill.

The acquisition of subsidiary companies during the year has been accounted for using the purchase method of accounting. This method involves allocating the cost of the business combinations to the fair value of the identifiable assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The cost of the acquisition is measured at the aggregate of the fair value of the assets given, equity investments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Minority interest represents the interests of minority shareholders not held by the Group in the results and net assets of the Company's subsidiary companies. An acquisition of a minority interest is accounted for using the parent entity extension method whereby the difference between the consideration and the existing carrying amount of the share of the net assets acquired is recognized as goodwill.

For business combinations involving entities or businesses under common control (a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory), they are accounted for applying the principles of merger accounting which is consistent with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA. The method requires the combined entity recognizing the assets, liabilities and equity of the combining entities or businesses at the carrying amounts (i.e., existing book values from the controlling parties' perspective) in the consolidated financial statements of the controlling party or parties prior to the common control combination. There is no recognition of any goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identified assets, liabilities and contingent liabilities over the cost at the time of the common control combination to the extent of the controlling party's or parties' interests.

In the Company's balance sheet, investments in subsidiary companies are stated at cost less any provision for impairment losses. The results of subsidiary companies are accounted for by the Company on the basis of dividends received and receivable.

(b) *Cash and cash equivalents*

For the purpose of the balance sheets, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments which are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, less bank overdrafts which are repayable on demand and which form an integral part of the Group's cash management.

(c) *Inventories*

Inventories are stated at the lower of cost and net realizable value. Cost is calculated using the first-in, first-out method, the weighted average method or the moving average method, and in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. The cost of goods purchased for resale includes costs incurred in bringing the goods to their present location. Net realizable value is determined on the basis of current anticipated selling prices less estimates of costs to completion and selling expenses.

(d) *Property, plant and equipment*

Freehold land is stated at cost and is not depreciated. Other property, plant and equipment is stated at cost less accumulated depreciation and any impairment losses, calculated on the straight-line basis at annual rates estimated to write off their book values to residual values over their expected useful lives. Details of depreciation rates are set out in Note 12(A).

The initial cost of property, plant and equipment comprises its purchase price and any costs directly attributable in bringing the asset to its working condition and location for its intended use. Cost also includes asset retirement obligation, interest on borrowed funds used during the construction period and qualified borrowing costs from foreign exchange losses related to foreign currency denominated liabilities used to acquire such assets. Major costs incurred in restoring property, plant and equipment to their normal working condition are charged to the profit and loss statement. Improvements are capitalized and depreciated over their expected useful lives to the Group. When assets are sold or retired, their costs and accumulated depreciation, amortization and impairment losses, if any, are eliminated from the accounts and any gain or loss resulting from their disposal is included in the profit and loss statement.

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed periodically to ensure that the periods and method of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

(e) *Plantations*

Plantations, which primarily comprise oil palm and rubber plantations, are stated at fair value less estimated point-of- sale costs. Gains or losses arising on initial recognition of plantations at fair value less estimated point-of-sale costs and from the change in fair value less estimated point-of-sale costs of plantations at each reporting date are included in the profit and loss statement for the period in which they arise.

The fair value of the oil palm plantations is estimated by reference to independent professional valuations using the discounted cash flows of the underlying plantations. The expected cash flows from the whole life cycle of the oil palm plantations is determined using the market price of the estimated yield of the fresh fruit bunches (FFB), net of maintenance and harvesting costs, and any costs required to bring the oil palm plantations to maturity. The estimated yield of the oil palm plantations is dependent on the age of the oil palm trees, the location, soil type and infrastructure. The market price of the FFB is largely dependent on the prevailing market price of the crude palm oil (CPO) and palm kernel oil (PKO).

Oil palm trees have an average life that ranges from 20 to 25 years, with the first three to four years as immature and the remaining as mature.

Rubber tress have an average life that ranges from 20 to 25 years, with the first five to six years as immature and the remaining years as mature. Rubber plantations are considered mature when at least 70% of the trees per block are tapable and, the circumference of the trunk of the tree is 45 centimeters or more at the height of 160 centimeters from the ground.

(f) *Associated companies*

An associated company is an entity, not being a subsidiary company or a joint venture, in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over whose management the Group is in a position to exercise significant influence, including participation in the financial and operating policy decisions.

Investments in associated companies are accounted for by the equity method of accounting, less any impairment losses. The Group's investments in associated companies include goodwill (net of any accumulated impairment losses) identified on acquisition. The Group's share of its associated companies' post-acquisition profits and losses is recognized in the consolidated profit and loss statement, and its share of post-acquisition movements in reserves is recognized in consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Income from associated companies is stated in the consolidated profit and loss statement as the Group's share of profits less losses of associated companies. For the share of associated companies' post acquisition movements in reserves recognized in the Group's consolidated reserves, the Group will disclose them, when applicable in the consolidated statement of changes in equity.

Equity accounting is discontinued when the carrying amount of the investment in an associated company reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associated company.

(g) *Joint ventures*

The Group recognized its interest in joint ventures using the equity method of accounting. Under the equity method of accounting, such interest is stated at cost plus post-acquisition changes in the Group's share in the net assets of the joint ventures, less any impairment losses. The profit and loss statement reflects the Group's share of the results of operation of the joint ventures from the date of incorporation of the joint ventures.

(h) *Intangible assets (other than goodwill)*

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired from business combinations is initially recognized at fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment loss. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each balance sheet date. The Group's concession assets represent the fair value of concessions of right granted by governments to charge users of public services provided. The concession assets are amortized using the straight-line method over the term of the concessions. The Group's brands represent the brands for its various milk-related products. The brands are amortized using the straight- line method over their estimated useful lives.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash- generating unit level. Such intangible assets are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

(i) *Asset retirement obligations*

The net present value of legal obligations associated with the retirement of an item of property, plant and equipment that resulted from the acquisition, construction or development and the normal operation of property, plant and equipment is recognized in the period in which it is incurred.

(j) *Income tax*

Income tax comprises current and deferred taxes. Income tax is recognized in the profit and loss statement, or in equity if it relates to items that are recognized directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax liabilities are provided, using the liability method, on all taxable temporary differences (with limited exceptions) arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax assets and unused tax losses (with limited exceptions). The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Conversely, previously unrecognized deferred tax assets are recognized to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

(k) *Provisions and contingent liabilities*

A provision is recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. When the effect of discounting is material, the amount recognized for a provision is the present value, at the balance sheet date, of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount, arising from the passage of time, is included in net borrowing costs in the profit and loss statement.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote.

(l) *Impairment of assets*

An assessment is made at each balance sheet date as to whether there is any indication of impairment of assets including property, plant and equipment, certain investments, goodwill and other long-lived assets, or whether there is any indication that an impairment loss previously recognized for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's fair value less costs to sell and value in use.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the profit and loss statement in the period in which it arises, unless the asset is carried at a revalued amount, then the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

A previously recognized impairment loss of all assets other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of the asset. However, this is limited and will not give rise to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization), had no impairment loss been recognized for the asset in prior years.

A reversal of such an impairment loss is credited to the profit and loss statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

(m) *Accounting for acquisition and disposal*

(I) Results

The results of subsidiary or associated companies acquired or disposed of are accounted for from or to the effective date of acquisition or disposal.

(II) Fair value adjustments

On the acquisition of a subsidiary company or an interest in an associated company, the acquisition cost is allocated to the fair values of the identifiable assets, liabilities and contingent liabilities acquired.

(III) Goodwill

Goodwill represents the excess of the cost of the acquisition over the Group's share of the fair values of the identifiable assets, liabilities and contingent liabilities acquired as at the date of acquisition. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortized but reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired and its amount will be written down for impairment when it is considered necessary. A previously recognized impairment loss for goodwill is not reversed.

Any excess of the Group's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities over the cost of the acquisition, after reassessment, is recognized immediately in the consolidated profit and loss statement.

In the case of associated companies and joint ventures, goodwill is included in the carrying amount thereof, rather than as a separately identified asset on the consolidated balance sheet.

(n) Foreign currencies

(I) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The Financial Statements are presented in the currency of US dollars, which is the Company's functional and presentation currency.

(II) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss statement (except for those which will be refunded or billed to customers through billings as approved by governments under service concession arrangements). Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(III) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each profit and loss statement are translated at average exchange rates; and

(iii) all resulting exchange differences are recognized as a separate component of equity. On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to equity. When a foreign operation is sold, such exchange differences are recognized in the profit and loss statement as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate.

(IV) Cash flow statement

For the purpose of the consolidated cash flow statement, the cash flows of overseas subsidiary companies are translated into US dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries and jointly-controlled entities which arise throughout the year are translated into US dollars at average exchange rates of the year.

(o) *Turnover and revenue recognition*

Turnover represents the amounts received and receivable from the sale of goods and the rendering of services to third parties, falling within the ordinary activities of the Group's businesses. Turnover from sales is recognized when the ownership of goods sold has been transferred to the buyer. Turnover from services is recognized when it can be measured reliably by reference to stages of completion for the rendering of the said services.

Construction revenue is recognized by reference to the stages of completion. Dividend income is recognized when the Group's right to receive payment has been established. Interest income is recognized as it accrues taking into account the principal amount outstanding and the effective interest rate.

(p) *Segmental information*

A segment is a distinguishable component of the Group that is engaged either in providing certain products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. They are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year. The Head Office and other items mainly comprise the Head Office's assets, borrowings and overheads.

(q) *Leases*

Leases, where substantially all of the risks and rewards of ownership of assets remain with the lessor, are accounted for as operating leases. Where the Group is the lessee, rentals payable under operating leases are recorded in the profit and loss statement on the straight-line basis over the lease terms.

Prepaid land premiums for land lease payments under operating leases are initially stated at cost and subsequently recognized as expenses on the straight-line basis over the lease terms.

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalized at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Finance lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. A finance lease gives rise to a depreciation expense for the asset as well as a borrowing cost for each period. Finance charges are charged directly to current operations. The depreciation policy for leased assets is consistent with that for depreciable assets that are owned.

(r) Employee benefits

(I) Pension obligations

The Group operates defined contribution and defined benefit retirement schemes.

Contributions to defined contribution schemes by the Group and employees are calculated as a percentage of the employees' basic salaries. The Group's contributions to defined contribution schemes are expensed as incurred and are reduced by contributions forfeited by those employees who leave the schemes prior to the contributions vesting fully.

Contributions to defined benefit schemes are determined based on the value of the retirement scheme assets and estimates of the effects of future events on the actuarial present value of accrued pension obligations, and are determined on the basis of actuarial valuations using the projected unit credit method. The costs of defined benefit schemes are charged against profit on a systematic basis so as to be spread over the expected remaining service lives of the employees affected. Actuarial gains and losses are recognized immediately in the profit and loss statement as and when they occur.

(II) Long service payments

Certain of the Group's employees are eligible for long service payments in the event of the termination of their employment. A provision is recognized in respect of the probable future long service payments expected to be made. The provision is the best estimate of the probable future payments that have been earned by the employees from their service to the Group at the balance sheet date.

(III) Equity-settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value of the share options at the date at which they are granted. Fair value is determined using an option pricing model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the relevant shares (market conditions).

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date). The cumulative expense recognized for equity- settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the number of awards that will ultimately vest, based on the best available estimate.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, an expense, as a minimum, is recognized as if the terms had not been modified. An expense is recognized for any increase in the value of the transactions as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

(IV) Cash-settled transactions

The Group's associated companies grant share appreciation rights (SARs) to eligible key executives and advisors, and recognize the services received and the liability to pay for those services, as the eligible key executives and advisors render services during the vesting period. The liability is measured, initially and at each reporting date until settled, at the fair value of the SARs, by applying an option valuation model, taking into account the terms and conditions on which the SARs were granted, and the extent to which the eligible key executives and advisors have rendered service to date. Until settled, any changes in fair value at each reporting date will be recognized in the profit and loss statement.

(V) Paid leave carried forward

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the balance sheet date is permitted to be carried forward and utilized by the respective employees in the following year. An accrual is made at the balance sheet date for the expected future cost of such paid leave earned during the year by the employees and carried forward.

(s) Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Other costs include exchange differences on foreign currency borrowings. Exchange differences arising from foreign currency borrowings are included in borrowing costs to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs are expensed in the profit and loss statement in the year in which they are incurred, except to the extent that they are capitalized as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to prepare for its intended use or sale.

(t) Financial assets and financial liabilities

The Group recognizes a financial asset or a financial liability in the consolidated balance sheet when the Group becomes a party to the contractual provisions of the instrument and derecognizes a financial asset when the Group no longer controls the contractual rights to the cash flows that comprise the financial instrument which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument have already expired or are passed through to an independent third party. A financial liability (or a part of a financial liability) is derecognized when the obligation is extinguished. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the balance sheet date. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, are done using the trading date accounting, which means, the accounting based on the date that the Group commits to purchase or sell the asset.

Financial assets in the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available- for-sale financial assets, as appropriate. Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the Group has the positive intention and ability to hold to maturity. Available-for-sale financial assets are non-derivative financial assets in listed and unlisted equity securities that are designated as available for sale or are not classified in any of the other three categories.

A financial asset or financial liability can be designated as a financial asset or financial liability at fair value through profit or loss only upon its initial recognition. The Group may use this designation only in the case of a contract containing one or more embedded derivatives (as described below) or when doing so results in more relevant information, because either

(i) it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases; or

(ii) a group of financial assets, financial liabilities or both are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel.

For a contract containing one or more embedded derivatives, the Group may designate the entire hybrid (combined) contract as a financial asset or financial liability at fair value through profit or loss unless:

(i) the embedded derivative(s) does not significantly modify the cash flows that otherwise would be required by the contract; or

(ii) it is clear with little or no analysis when a similar hybrid (combined) instrument is first considered that separation of the embedded derivative(s) is prohibited, such as a prepayment option embedded in a loan that permits that holder to prepay the loan for approximately its amortized cost.

Financial assets or financial liabilities are recognized initially at fair value. Transaction costs are included in the initial measurement of all financial assets and liabilities, except for financial instruments measured at fair value through profit or loss. Fair value is determined by reference to the transaction price or other market prices. If such market prices are not reliably determinable, the fair value of the consideration is estimated as the sum of all future cash payments or receipts, discounted using the prevailing market rates of interest for similar instruments with similar maturities.

After initial recognition, the following financial assets and liabilities are measured at amortized cost using the effective interest rate method: (i) loans and receivables; (ii) held-to-maturity investments; and (iii) financial liabilities other than liabilities measured at fair values through profit or loss, whereas available-for-sale assets are measured at fair value with gains or losses being recognized as a separate component of equity until the investment is derecognized or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the profit and loss statement. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Amortized cost for held-to-maturity investments is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initially recognized amount and the maturity amount.

Investments in unquoted equity securities and derivatives linked thereon are measured at cost.

Amortization of discounts and premiums is taken directly to the consolidated profit and loss statement. Changes in the fair value of financial assets and liabilities measured at fair value of (i) all derivatives (except for those eligible for hedge accounting); (ii) other items intended to be actively traded; and (iii) any item designated as "at fair value through profit or loss" at origination, are taken directly to the profit and loss statement. Changes in the fair value of available-for-sale financial assets are recognized in equity, except for the foreign exchange fluctuations on available-for-sale debt securities and the interest component which is taken directly to net profit or loss for the period based on the asset's effective yield.

Financial assets and liabilities include financial instruments which may be a primary instrument, such as receivables, payables and equity securities, or a derivative instrument, such as financial options, futures and forwards, interest rate swaps and currency swaps.

Financial instruments are classified as a financial liability or a financial asset or an equity in accordance with the substance of the contractual arrangement. Financial instruments that contain both liability and equity elements are classified separately as financial liabilities, or equity instruments. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and the Group intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired.

(I) Assets carried at amortized cost

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognized in the profit and loss statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the profit and loss statement, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

(II) Assets carried at cost

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

(III) Available-for-sale financial assets

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in the profit and loss statement, is transferred from equity to the profit and loss statement. Impairment losses on equity instruments classified as available for sale are not reversed through the profit and loss statement.

(u) Derivative instruments

The Group uses derivative financial instruments such as long-term currency swaps, foreign currency options, interest rate swaps and forward currency contracts to hedge its risks associated with foreign currency and interest rate fluctuations. Such derivative financial instruments are stated at fair value.

The criteria for a derivative instrument to be classified as a hedge include: (i) the hedge transaction is expected to be highly effective in offsetting changes in fair value or cash flows attributable to the hedged risk, (ii) the effectiveness of the hedge can be reliably measured, (iii) there is adequate documentation of the hedging relationships at the inception of the hedge, and (iv) for cash flow hedges, the forecast transaction, which is the subject of the hedge, must be highly probable and must present an exposure to variations in cash flows that could ultimately affect profit or loss.

For the purpose of hedge accounting, hedges are classified as either fair value hedges where they hedge the exposure to changes in the fair value of a recognized asset or liability and firm commitment; or cash flow hedges where they hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a forecasted transaction.

In relation to fair value hedges which meet the conditions for special hedge accounting, any gain or loss from remeasuring the hedging instrument at fair value is recognized immediately in the profit and loss statement. Any gain or loss on the hedged item attributable to the hedged risk is adjusted against the carrying amount of the hedged item and recognized in the profit and loss statement.

In relation to cash flow hedges, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in equity and the ineffective portion is recognized in the consolidated profit or loss statement. The gains or losses that are accumulated in equity are transferred to the profit and loss statement in the same period in which the hedged item affects the profit or loss.

For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to the profit and loss statement.

(v) Dividends

Final dividends proposed by the Directors are recognized as a liability when they have been approved by the shareholders and declared in an annual general meeting.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and bye– laws grant the Directors the authority to declare interim dividends. Consequently, interim dividends are recognized immediately as a liability when they are proposed and declared.

(w) Related parties

A party is considered to be related to the Group if:

(I) directly, or indirectly through one or more intermediaries, the party (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(II) the party is an associate;

(III) the party is a joint venture in which the entity is a venturer;

(IV) the party is a member of the key management personnel of the Group;

(V) the party is a close member of the family of any individual referred to in (I) or (IV);

(VI) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (IV) or (V); or

(VII) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

(x) Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

(A) Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have significant effect on the amounts recognized in the Financial Statements:

(a) Classification of financial assets and financial liabilities

The Group determines the classification of certain of assets and liabilities as financial assets and financial liabilities by judging whether they meet the definition of financial assets and financial liabilities set out in HKAS 39. Accordingly, the financial assets and financial liabilities are accounted for in accordance with the Group's accounting policies set out in Note 2(D)(t).

(b) Service concession arrangements

In applying HK(IFRIC)-Int 12 for the service concession arrangements of Maynilad and Manila North Tollways Corporation (MNTC), the Group has made judgments that these arrangements qualify for the application of the intangible asset model. Details of the Group's accounting policy in respect of intangible assets (other than goodwill) are set out in Note 2(D)(h).

(B) Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimating useful lives and residual values of property, plant and equipment

The Group estimates the useful lives and residual values of its property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives and residual values of the property, plant and equipment are reviewed annually and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, the Group's estimation of the useful lives and residual values of its property, plant and equipment is based on its collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in those estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives and residual values of the Group's property, plant and equipment would increase its recorded depreciation expenses and decrease its non-current assets.

(b) *Estimating useful lives of brands*

The Group estimates the useful lives of the brands for its various milk-related products. The estimated useful lives of the brands are reviewed annually and are updated if expectations differ from previous estimates due to changes in market situations or other limits. It is possible, however, that future results of operations could be materially affected by changes in those estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the Group's brands would increase its recorded amortization expenses and decrease its other intangible assets.

(c) *Assets impairment*

Hong Kong GAAP requires that an impairment review should be performed when certain impairment indication is present. In case of goodwill, such assets are subject to yearly impairment test and whenever there is an indication that such assets may be impaired.

Purchase accounting requires extensive use of accounting estimates to allocate the purchase price to the fair market values of the assets and liabilities purchased, including intangible assets and contingent liabilities. The Group's business acquisitions have resulted in goodwill, which is subject to a periodic impairment test.

Determining the fair value of property, plant and equipment, plantations, and intangible assets (other than goodwill) at the date of acquisition of business, which requires the determination of future cash flows expected to be generated from the continued use (i.e., value in use) and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect its consolidated financial statements. Future events could cause the Group to conclude that property, plant and equipment associated with an acquired business is impaired. Any resulting impairment loss could have a material adverse impact on its financial condition and results of operations.

The preparation of estimated future cash flows involves significant estimations. While the Group believes that its assumptions are appropriate and reasonable, significant changes in its assumptions may materially affect its assessment of recoverable values and may lead to future additional impairment charges under Hong Kong GAAP.

(d) *Deferred tax assets*

The Group reviews the carrying amounts at each balance sheet date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the Group will generate sufficient taxable profit to allow all or part of its recognized deferred tax assets to be utilized.

(e) *Financial assets and liabilities*

Hong Kong GAAP requires that the Group carries certain of its financial assets and liabilities at fair value, which requires extensive use of accounting estimates. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates and interest rates), the amount of changes in fair value would differ if the Group utilized different valuation methodologies. Any changes in fair value of these financial assets and liabilities would affect directly the Group's consolidated profit and loss and equity.

(f) *Estimating allowances for accounts receivable*

The Group estimates the allowance for accounts receivable based on two methods. The amounts calculated using each of these methods are combined to determine the total amount it provides. Firstly, the Group evaluates specific accounts where it has information that certain customers are unable to meet their financial obligations. In these cases, the Group uses judgment, based on the best available facts and circumstances, including but not limited to, the length of its relationship with the customer and the customer's current credit status based on third party credit reports and known market factors, to record specific provisions for customers against amounts due to reduce its receivable amounts that the Group expects to collect. These specific provisions are re-evaluated and adjusted as additional information received affects the amounts estimated. Secondly, a provision is established as a certain percentage of age of status of receivables. This percentage is based on a collective assessment of historical collection, write-off, experience and changes in its customer payment terms.

The amounts and timing of recorded expenses for any period would differ if the Group utilized different estimates. An increase in the Group's allowance for accounts receivable would increase its recorded operating expenses and decrease its assets.

(g) *Estimating allowances for inventories*

The Group estimates the allowance for inventories based on the best available facts and circumstances, including but not limited to, the inventories' own conditions (i.e., whether they are damaged or become wholly or partially obsolete), their market selling prices, estimated costs of completion and estimated costs to be incurred for their sale. The provisions are re-evaluated and adjusted as additional information received affects the amount estimated.

(h) *Pension and other retirement benefits*

The determination of the Group's obligation and cost for defined benefits is performed by independent actuaries engaged by the Group and dependent on the selection of certain assumptions used by them in calculating such amounts. Those assumptions include among others, discount rates, expected returns on plan assets, rates of salary and pension increase and average remaining working lives of employees. In accordance with Hong Kong GAAP, actual results that differ from the Group's assumptions are recognized immediately in the profit and loss statement as and when they occur. While the Group believes that the actuaries' assumptions are reasonable and appropriate, significant differences in the Group's actual experience or significant changes in the Group's assumptions may materially affect its pension and other retirement obligations.

(i) *Measurement of fair value of plantations*

Hong Kong GAAP requires that the Group carries its plantations at fair value less estimated point-of-sale costs, which requires extensive use of accounting estimates. The determination of such fair value less estimated point-of-sale costs is performed by independent valuers engaged by the Group. Significant components of fair value measurement were determined using assumptions including average life of plantations, yield per hectare, plantation area and discount rates. The amount of changes in fair value would differ if the Group utilized different assumptions. Any changes in fair value of these plantations would affect directly the Group's profit and loss and equity.

(j) Equity-settled share option expense

Hong Kong GAAP requires that the Group measures its share options at fair value at the date at which they are granted, which requires extensive use of accounting estimates. The determination of such fair value is performed by an independent valuer engaged by the Group. Significant components of fair value measurement were determined using assumptions including expected volatility and dividend yield and average risk-free interest rate. The amount of fair value determined at the date of which the options are granted would differ if the Group utilized different assumptions. Any changes in fair value of the share options determined at the date of which they are granted would affect directly the Group's profit and loss in subsequent periods when these fair values are recognized as expenses over the share options' vesting period.

4. TURNOVER AND SEGMENTAL INFORMATION

US$ millions	**2008**	**2007** (Restated)
Turnover		
Sale of goods	3,896.9	2,980.1
Rendering of services	208.4	60.7
Total	4,105.3	3,040.8

Segmental Information

Segmental information, relating to the Group's business and geographical segments, is analyzed as follows. Analysis by business segment is the Group's primary segment reporting format as this is more relevant to the Group when making operational and financial decisions. Details of the Group's principal investments are provided on pages 124 to 125.

By Principal Business Activity – 2008

US$ millions	Telecom-munications	Consumer Food Products	Infrastructure	Natural Resources	Head Office	2008 Total
Profit and Loss						
Segment revenue – turnover	–	3,992.5	112.8	–	–	4,105.3
Segment results	–	359.6	41.5	–	(46.1)	355.0
Net borrowing costs						(150.5)
Share of profits less losses of associated companies and joint ventures	194.8	0.5	(1.2)	(1.2)	–	192.9
Profit before taxation						397.4
Taxation						(61.4)
Profit for the year from continuing operations						336.0
Profit for the year from a discontinued operation						0.6
Profit for the year						336.6
Assets and Liabilities						
Segment assets	–	3,951.2	1,933.7	–	14.5	5,899.4
Associated companies and joint ventures	1,043.8	15.4	48.0	95.1	–	1,202.3
Unallocated assets						97.3
Total assets						7,199.0
Segment liabilities	–	533.7	677.9	–	33.7	1,245.3
Unallocated liabilities						3,578.5
Total liabilities						4,823.8
Other Information						
Capital expenditure	–	232.3	68.2	–	–	300.5
Depreciation and amortization	–	76.5	29.5	–	0.5	106.5
Loss on changes in fair value of plantations	–	97.7	–	–	–	97.7
Foreign exchange and derivative losses, net	–	73.6	3.3	–	6.3	83.2
Impairment losses recognized	–	5.6	1.9	–	36.4	43.9
Other non-cash expenses	–	7.1	–	–	18.0	25.1

By Principal Geographical Market – 2008

US$ millions	The Philippines	Indonesia	Others	Head Office	2008 Total
Segment revenue – turnover	112.8	3,992.5	–	–	4,105.3
Segment assets	1,933.7	3,951.2	–	14.5	5,899.4
Associated companies and joint ventures	1,183.6	15.4	3.3	–	1,202.3
Unallocated assets					97.3
Total assets					7,199.0
Capital expenditure	68.2	232.3	–	–	300.5

By Principal Business Activity – 2007

US$ millions	Telecom-munications	Consumer Food Products	Infrastructure	Natural Resources	Head Office	2007 (Restated) Total
Profit and Loss						
Segment revenue – turnover	–	3,040.3	0.5	–	–	3,040.8
Segment results	–	410.8	38.3	–	202.8	651.9
Net borrowing costs						(137.1)
Share of profits less losses of associated companies and joint ventures	209.2	(0.3)	30.8	–	–	239.7
Profit before taxation						754.5
Taxation						(94.0)
Profit for the year from continuing operations						660.5
Profit for the year from a discontinued operation						5.1
Profit for the year						665.6
Assets and Liabilities						
Segment assets	–	3,495.5	150.4	–	195.4	3,841.3
Associated companies and joint ventures	1,078.9	2.3	223.5	–	–	1,304.7
Unallocated assets						75.1
Total assets						5,221.1
Segment liabilities	–	532.2	83.1	–	74.5	689.8
Unallocated liabilities						2,408.3
Total liabilities						3,098.1
Other Information						
Capital expenditure	–	104.5	1.6	–	0.2	106.3
Depreciation and amortization	–	63.4	0.7	–	0.4	64.5
Impairment losses recognized	–	35.8	2.9	–	–	38.7
Other non-cash expenses	–	2.8	–	–	12.3	15.1

By Principal Geographical Market – 2007

US$ millions	The Philippines	Indonesia	Others	Head Office	2007 (Restated) Total
Segment revenue – turnover	0.5	3,040.3	–	–	3,040.8
Segment assets	150.4	3,495.5	–	195.4	3,841.3
Associated companies and joint ventures	1,296.7	2.3	5.7	–	1,304.7
Unallocated assets					75.1
Total assets					5,221.1
Capital expenditure	1.6	104.5	–	0.2	106.3

5. NET BORROWING COSTS

US$ millions	**2008**	**2007** (Restated)
Bank loans and other loans		
– Wholly repayable within five years	163.6	159.7
– Not wholly repayable within five years	21.7	8.1
Total Borrowing Costs	185.3	167.8
Less interest income	(34.8)	(30.7)
Net Borrowing Costs	150.5	137.1

No borrowing costs were capitalized by the Group during the year (2007: Nil).

6. PROFIT BEFORE TAXATION

US$ millions	*Notes*	**2008**	**2007**
Profit Before Taxation is Stated after (Charging)/Crediting(i)			
Cost of inventories sold		(2,470.1)	(1,886.8)
Employees' remuneration	36(A)	(347.3)	(280.7)
(Loss)/gain on changes in fair value of plantations	13	(97.7)	22.0
Cost of services rendered		(96.7)	(28.0)
Foreign exchange and derivative (losses)/gains, net	9	(83.2)	20.0
Depreciation	12	(79.2)	(64.5)
Impairment losses			
– Associated companies and joint ventures(ii)		(36.4)	(2.9)
– Accounts receivable(iii)	18(C)	(7.0)	(2.5)
– Goodwill(ii)	16	(0.5)	(16.7)
– Other non-current assets(ii)		–	(12.4)
– Property, plant and equipment(ii)	12	–	(4.2)
Amortization of other intangible assets	17	(27.3)	–
Operating lease rentals			
– Land and buildings		(8.6)	(10.1)
– Hire of plant and equipment		(3.6)	(0.4)
Recognition of prepaid land premiums	19	(7.1)	(2.8)
Auditors' remuneration			
– Audit services		(2.1)	(1.9)
– Other services		(0.6)	(0.6)
Gain on dilution of interest in subsidiary companies		18.9	149.6
Gain on divestment and dilution of interest in an associated company		9.8	206.5
Realized gain on sale of available-for-sale assets		0.6	25.0
Gain on sale of property, plant and equipment		0.6	0.2
Dividend income from available-for-sale assets		0.5	–
Dividend income from financial assets at fair value through profit or loss		–	2.9

(i) Includes amounts (charged)/credited in respect of a discontinued operation
(ii) Included in other operating (expenses)/income, net
(iii) Included in distribution costs

7. TAXATION

No Hong Kong profits tax (2007: Nil) has been provided as the Group had no estimated assessable profits (2007: Nil) in Hong Kong for the year. Taxation on assessable profits generated outside Hong Kong has been provided at the rates of taxation prevailing in the countries in which the Company's subsidiary companies operate.

US$ millions	**2008**	**2007** (Restated)
Subsidiary Companies – Overseas		
Current taxation *(Note 28)*	121.6	96.5
Deferred taxation *(Note 21)*	(60.2)	(2.5)
Total	61.4	94.0

Included within the share of profits less losses of associated companies and joint ventures is taxation of US$93.7 million (2007: US$107.9 million) and which is analyzed as follows.

US$ millions	**2008**	**2007**
Associated Companies and Joint Ventures – Overseas		
Current taxation	94.9	60.4
Deferred taxation	(1.2)	47.5
Total	93.7	107.9

A reconciliation between profit before taxation multiplied by the applicable tax rates and the taxation amount as shown in the consolidated profit and loss statement is as follows.

	2008		**2007** (Restated)	
US$ millions		%		%
Profit Before Taxation	397.4		754.5	
Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	140.6	35.4	261.4	34.6
Tax effect of:				
– Non-deductible expenses	6.0	1.5	16.3	2.2
– Income not subject to tax	(32.5)	(8.2)	(109.6)	(14.5)
– Share of profits less losses of associated companies and joint ventures	(32.8)	(8.3)	(92.7)	(12.2)
– Others	(19.9)	(4.9)	18.6	2.4
Taxation	61.4	15.5	94.0	12.5

8. A DISCONTINUED OPERATION

Following a strategic review of MPIC's businesses and its focus on core infrastructure, MPIC's directors decided in late 2008 to divest approximately 21.0% of its interest in the property business, Landco Pacific Corporation (Landco), thereby reducing MPIC's interest in Landco from 51.0% to approximately 30.0%. The divestment of interest in Landco is expected to be completed in 2009. As at 31 December 2008, Landco was classified as a disposal group held for sale.

(A) The results of Landco for the year are presented as follows.

US$ millions	**2008**	**2007**
Turnover	27.7	34.2
Cost of sales and operating expense	(29.4)	(31.4)
Net interest income	2.8	4.1
Share of profits less losses of associated companies and joint ventures	0.2	(0.1)
Profit before taxation	1.3	6.8
Taxation	(0.7)	(1.7)
Profit for the Year from a Discontinued Operation	0.6	5.1

(B) The major classes of assets, liabilities and reserve of Landco classified as held for sale as at 31 December 2008 are as follows:

US$ millions	**2008**
Assets	
Property, plant and equipment *(Note 12)*	2.8
Associated companies and joint ventures	3.9
Deferred tax assets *(Note 21)*	9.3
Accounts receivable, other receivables and prepayment (Current)	56.1
Inventories	51.0
Other assets	5.2
Assets classified as held for sale	128.3
Liabilities	
Accounts payable, other payables and accruals	(68.9)
Short-term borrowings	(16.5)
Long-term borrowings	(15.7)
Deferred tax liabilities *(Note 21)*	(5.0)
Liabilities directly associated with the assets classified as held for sale	(106.1)
Net Assets Directly Associated with the Disposal Group	22.2

US$ millions	**2008**
Reserves	
Unrealized gains on available-for-sale assets of the disposal group	0.1

(C) The net cash flows of Landco are as follows:

US$ millions	**2008**	**2007**
Operating activities	(21.3)	(2.6)
Investing activities	1.0	(7.9)
Financing activities	21.1	8.6
Net Cash Inflow/(Outflow)	0.8	(1.9)

9. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The profit attributable to equity holders of the parent includes US$46.9 million of net foreign exchange and derivative losses (2007: gains of US$25.0 million (Restated)), which comprise a loss of US$43.0 million (2007: US$2.7 million) on the changes in the fair values of derivatives and foreign exchange translation differences on the Group's unhedged foreign currency denominated borrowings and payables and a loss of US$3.9 million (2007: a gain of US$27.7 million) on changes in the fair value of certain PLDT shares designated as financial assets at fair value through profit or loss and US$24.5 million (2007: US$286.6 million) of net non-recurring gains.

Analysis of Foreign Exchange and Derivative (Losses)/Gains

US$ millions	**2008**	**2007** (Restated)
Foreign exchange and derivative (losses)/gains		
– Subsidiary companies *(Note 6)*	(83.2)	20.0
– Associated companies and joint ventures	(17.7)	14.3
Subtotal	(100.9)	34.3
Attributable to taxation and minority interest	54.0	(9.3)
Total	(46.9)	25.0

The non-recurring gains of US$24.5 million for 2008 mainly include (i) a gain on dilution of the Group's interest in Indofood of US$18.9 million (ii) a gain on divestment and dilution of the Group's interest in PLDT of US$9.8 million (iii) MPIC's gains arising from increase in interests in Maynilad and MDI totaling US$13.4 million (iv) a gain of US$10.5 million from a reduction in Indofood's deferred tax liabilities due to reduction in future tax rates and (v) MPIC's gain on sale of assets of US$3.9 million, partly offset by a Group's impairment provision of US$36.4 million in respect of its investment in Philex. The non-recurring gains of US$286.6 million for 2007 mainly comprise a gain on divestment of the Group's interest in PLDT of US$174.7 million on settlement of certain Head Office's Exchangeable Notes with PLDT shares and a gain on dilution of the Group's effective interest in Indofood's oils and plantations businesses of US$75.9 million.

Included within the profit attributable to equity holders of the parent for the year ended 31 December 2008 is a profit of US$51.2 million (2007: US$112.0 million) attributable to the Company.

10. ORDINARY SHARE DIVIDENDS

	U.S. cent per ordinary share		US$ millions	
	2008	2007	2008	2007
Interim	0.38	0.26	12.3	8.2
Proposed special	–	0.38	–	12.3
Proposed final	0.77	0.64	24.7	20.6
Total	1.15	1.28	37.0	41.1

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

11. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share is based on the profit for the year attributable to equity holders of the parent of US$200.8 million (2007: US$504.8 million (Restated)), and the weighted average number of 3,223.5 million (2007: 3,211.4 million) ordinary shares in issue during the year.

The calculation of diluted earnings per share is based on: (i) the profit for the year attributable to equity holders of the parent of US$200.8 million (2007: US$504.8 million (Restated)) reduced by the dilutive impact of (a) US$6.1 million (2007: US$4.2 million) in respect of the convertible notes issued by DMWC and (b) US$0.3 million (2007: US$0.1 million) in respect of the exercise of share options issued by its associated companies and (ii) a share base equal to the aggregate of the weighted average number of 3,223.5 million (2007: 3,211.4 million) ordinary shares in issue during the year (as used in the basic earnings per share calculation) and the weighted average of 54.1 million (2007: 62.1 million) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options of the Company during the year.

The impact upon full conversion of the Head Office's Exchangeable Notes and MPIC's convertible notes has not been taken into account in calculating the diluted earnings per share because their anti-dilutive effect on the basic earnings per share for the year would actually increase the earnings per share.

12. PROPERTY, PLANT AND EQUIPMENT

US$ millions	Land and buildings	Machinery, equipment and vessels	Consolidated
Cost			
At 1 January 2008	316.2	934.2	1,250.4
Exchange translation	(46.3)	(152.4)	(198.7)
Additions	9.0	151.0	160.0
Acquisition of subsidiary companies *(Note 34(A))*	30.2	62.5	92.7
Disposals	(14.1)	(16.7)	(30.8)
Reclassification *(Note 8(B))*[i]	(5.2)	(2.1)	(7.3)
At 31 December 2008	289.8	976.5	1,266.3
Accumulated Depreciation and Impairment			
At 1 January 2008	86.5	379.8	466.3
Exchange translation	(13.3)	(59.2)	(72.5)
Charge for the year *(Note 6)*	14.7	64.5	79.2
Disposals	(1.9)	(8.7)	(10.6)
Reclassification *(Note 8(B))*[i]	(1.3)	(3.2)	(4.5)
At 31 December 2008	84.7	373.2	457.9
Net Book Amount at 31 December 2008	205.1	603.3	808.4

(i) To assets of a disposal group classified as held for sale

US$ millions	Land and buildings	Machinery, equipment and vessels	Consolidated
Cost			
At 1 January 2007	280.1	853.0	1,133.1
Exchange translation	(15.0)	(38.1)	(53.1)
Additions	29.1	40.4	69.5
Acquisition of subsidiary companies *(Note 34(A))*	23.7	85.0	108.7
Disposals	(1.7)	(6.1)	(7.8)
At 31 December 2007	316.2	934.2	1,250.4
Accumulated Depreciation and Impairment			
At 1 January 2007	76.5	339.8	416.3
Exchange translation	(3.3)	(15.2)	(18.5)
Charge for the year *(Note 6)*	13.3	51.2	64.5
Impairment *(Note 6)*	–	4.2	4.2
Disposals	–	(0.2)	(0.2)
At 31 December 2007	86.5	379.8	466.3
Net Book Amount at 31 December 2007	229.7	554.4	784.1

(A) The principal annual rates of depreciation:

Freehold land	Nil
Freehold buildings	2.5% to 20.0%
Leasehold buildings	Lesser of period of lease, or 2.5% to 20.0%
Machinery, equipment and vessels	2.5% to 50.0%

(B) The land and buildings are freehold and leasehold properties held outside Hong Kong.

(C) Property, plant and equipment with a net book amount of US$183.4 million (2007: US$81.8 million) was pledged as security for certain of the Group's banking facilities (Note 27(E)).

13. PLANTATIONS

	Consolidated	
US$ millions	**2008**	**2007**
At 1 January	881.5	275.0
Exchange translation	(121.6)	(29.3)
Additions	76.7	36.8
Acquisition of subsidiary companies *(Note 34(A))*	5.6	577.0
(Loss)/gain on changes in fair value less estimated point-of-sale costs, net *(Note 6)*	(97.7)	22.0
At 31 December	744.5	881.5

Physical measurement of oil palm, rubber and other plantations at 31 December is as follows.

	Consolidated	
Hectares	**2008**	**2007**
Oil palm		
– Mature plantations	124,169	118,029
– Immature plantations	58,944	43,427
Rubber		
– Mature plantations	17,873	18,956
– Immature plantations	4,537	3,048
Sugar cane, cocoa, tea and others		
– Mature plantations	7,044	2,800
– Immature plantations	761	722
Total	213,328	186,982

(A) The Group's plantations mainly represent palm trees and rubber trees owned by Indofood. The palm trees are planted for the production of FFB, which are used in the production of CPO and PKO. The rubber trees are planted for the production of cup lump. The fair values of oil palm plantations are determined by an independent valuer using the discounted future cash flows of the underlying plantations. The expected future cash flows of the oil palm plantations are determined using the forecast market price of FFB which is largely dependent on the projected selling prices of CPO and PKO in the market. The fair values of rubber plantations are determined using the discounted future cash flows of the underlying plantations. The expected future cash flows of the rubber plantations are determined using the forecast market price of cup lump which is based on the projected selling price of Rubber Smoke Sheet 1 (RSS1). Significant assumptions made in determining the fair value of the plantations are:

(a) No new planting/re-planting activities are assumed.

(b) The palm trees have an average life that ranges from 20 to 25 years, with the first three to four years as immature and the remaining years as mature. The rubber trees have an average life of that ranges from 20 to 25 years, with the first five to six years as immature and the remaining years as mature.

(c) The yield per hectare of palm trees is based on guidelines from the Indonesian Oil Palm Research Institute which varies with the average age of palm trees. The yield per hectare of rubber trees is based on estimation made by Indofood's agronomists and reviewed by an independent valuer.

(d) The discount rates of 19.3% (2007: 18.1%) and 18.2% (2007: 17.7%), which represent the respective asset specific rates for Indofood's palm trees and rubber trees plantation operations, were applied in the discounted cash flow calculations.

(e) The projected selling price of CPO over the projection period is based on the consensus of reputable independent forecasting service firms for the short term and on the studies on historical actual CPO price for the last 20 years for the remaining projected period. The projected selling price of RSS1 over the projected period is based on the reference issued by the World Bank and historical selling prices of the Group.

(B) During 2008, Indofood's palm trees produced 2.5 million tons (2007: 1.5 million tons) of FFB and rubber trees produced 28.1 thousand tons (2007: 7.9 thousand tons) of rubber. The fair values of FFB and rubber harvested during 2008, determined at the point of harvest, amounted to US$342.4 million (2007: US$206.6 million) and US$54.4 million (2007: US$8.3 million), respectively.

(C) Plantations with a net book amount of US$421.5 million (2007: US$546.2 million) were pledged as security for certain of the Group's banking facilities (Note 27(E)).

14. SUBSIDIARY COMPANIES

	Company	
US$ millions	**2008**	**2007**
Unlisted shares at cost	1,176.6	1,176.6
Less provision for impairment loss	(180.4)	(270.4)
Total	996.2	906.2

The Company's listed subsidiary companies are held through the intermediate holding companies.

(A) The amounts due from subsidiary companies are unsecured, interest-bearing at a range of 0% to 7.3 % per annum (2007: 0% to 8.3% per annum) and repayable within one year. The carrying value of the Company's amounts due from subsidiary companies approximates to their fair value.

(B) The amounts due to subsidiary companies are unsecured, interest-bearing at a range of 0% to 6.8% per annum (2007:0% to 5.0% per annum) and repayable within one year. The carrying value of the Company's amounts due to subsidiary companies approximates to their fair value.

(C) The loans from subsidiary companies are unsecured, interest-bearing at a range of 2.9% to 7.1% per annum (2007: 0% to 7.1% per annum) and not repayable within one year. The carrying value of the Company's loans from subsidiary companies approximates to their fair value.

(D) Details of the principal subsidiary companies which, in the opinion of the Directors, materially affect the results or net assets of the Group, are set out on pages 124 to 125.

15. ASSOCIATED COMPANIES AND JOINT VENTURES

	Associated Companies		Joint Ventures		Consolidated	
	2008	2007	2008	2007	2008	2007
US$ millions				(Restated)		(Restated)
Shares, at cost						
– Listed	1,983.0	1,785.9	–	–	1,983.0	1,785.9
– Unlisted	102.5	56.9	2.7	63.4	105.2	120.3
Share of post-acquisition reserves *(Note 31)*	(884.8)	(750.1)	(1.1)	46.4	(885.9)	(703.7)
Loans (from)/to associated companies and a joint venture	–	(2.1)	–	104.3	–	102.2
Total	1,200.7	1,090.6	1.6	214.1	1,202.3	1,304.7

(A) At 31 December 2008, both the listed and unlisted investments were located outside Hong Kong.

(B) At 31 December 2008, the market valuation of listed investments was US$2,281.6 million (2007: US$3,815.9 million) and the net dividends received during 2008 amounted to US$211.9 million (2007: US$155.0 million).

(C) Details of the Group's principal associated companies, PLDT and Philex, which, in the opinion of the Directors, materially affect the results or net assets of the Group, are set out on pages 124 to 125.

(D) PLDT was incorporated under the laws of the Philippines on 28 November 1928 to provide telephone services in the Philippines. PLDT's charter was initially limited to a period of 50 years but has since been extended twice for 25 years each, the last extension being for an additional 25-year period ending in 2028. Under its amended charter, which became effective on 24 August 1991, PLDT is authorized to provide virtually every type of telecommunication service, both within the Philippines and between the Philippines and other countries. PLDT operates under the jurisdiction of the Philippine National Telecommunications Commission which jurisdiction extends, among other things, to approving major services offered by PLDT and certain rates charged by PLDT.

(E) Philex was incorporated under the laws of the Philippines in 1995 to engage in mining activities. Philex primarily engaged in large-scale exploration, development and utilization of mineral resources. Philex has operated for the past 50 years at the deposit at Padcal, Tuba Benguet Province, Island of Luzons producing gold, copper and silver as its principal products.

(F) At 31 December 2008, the Group has made an impairment provision of US$36.4 million (2007: Nil) for its investment in Philex. The impairment provision was determined by an independent valuer, ATR Kim-Eng Capital Partners, Inc. after making reference to the fair values and recoverable amounts of Philex's Padcal and Boyongan mines based on Philex's financial projections and discounted cash flow models, applying a discount rate of 12.0%.

(G) Additional financial information in respect of the Group's principal associated companies, PLDT and Philex, as prepared under Hong Kong GAAP, is set out below.

	PLDT		Philex[(i)]
US$ millions	**2008**	**2007**	**2008**
Operating Results			
Turnover	3,295.3	3,088.3	2.1
Profit/(loss) before taxation	2,121.2	1,724.4	(3.6)
Profit/(loss) after taxation	1,564.5	1,459.1	(4.1)
Profit (Loss) for the Year/Period	720.9	832.6	(2.7)
Net Assets			
Current assets	1,389.6	1,192.1	260.6
Non-current assets	3,931.7	4,613.7	360.2
Total Assets	5,321.3	5,805.8	620.8
Current liabilities	(1,377.4)	(1,165.6)	(123.7)
Non-current liabilities and provisions	(1,805.6)	(2,004.3)	(100.7)
Total Liabilities	(3,183.0)	(3,169.9)	(224.4)
Minority interest	(30.2)	(33.9)	(31.8)
Net Assets at 31 December	2,108.1	2,602.0	364.6

(i) Information in respect of Philex only relates to 28 November 2008 (date of the Group's investment in Philex) and after.

(H) The Group has discontinued the recognition of its share of losses of Prime Media Holdings, Inc., an associated company, because the share of losses of this associated company fully eroded the Group's investment. The amounts of the Group's unrecognized share of losses of this associated company for the current year and cumulatively were US$0.6 million (2007: US$0.1 million) and US$8.7 million (2007: US$8.6 million), respectively.

16. GOODWILL

	Consolidated	
US$ millions	**2008**	**2007**
At 1 January	347.2	34.8
Exchange translation	(25.2)	(9.6)
Acquisition of subsidiary companies *(Note 34(A))*	354.1	335.1
Increased investment in a subsidiary company	–	3.6
Impairment *(Note 6)*	(0.5)	(16.7)
Net Book Amount at 31 December	675.6	347.2

(A) Goodwill is allocated to the Group's cash-generating units identified according to the business and geographical segments. The goodwill amount at 31 December 2008 relates to (a) Indofood's businesses (principally plantations and dairy) which contribute to the Group's consumer food products business segment located in Indonesia and (b) MPIC's businesses (water and toll road) which contribute to the Group's infrastructure business segment located in the Philippines. The goodwill amount at 31 December 2007 solely relates to Indofood's businesses (principally plantations).

(B) In assessing the impairment for goodwill, the Group compares the carrying amount of the underlying assets against their recoverable amounts (calculated as the higher of the assets' fair value less costs to sell and their value in use). The recoverable amounts of Indofood's and MPIC's businesses have been determined based on fair value less costs to sell or value in use calculations using cash flow projections covering periods from 4 years up to 10 years (for the plantation companies) for Indofood's businesses and 14 years for MPIC's water business. The discount rates applied to cash flow projections range from 15.7% to 20.6% (2007: 12.8% to 23.7%) for Indofood's businesses and 9.2% for MPIC's water business, which reflect specific risks relating to the relevant businesses.

In the assessment of the recoverable amount of Indofood's plantation businesses, the projected price of the CPO is based on the consensus of reputable forecast service firms for the short-term period and the World Bank forecast for the remaining projection period, while the projected sugar price is determined based on the average retail sales of sugar price in Indonesia for the past five years. The cash flows beyond the projected periods are extrapolated using an estimated growth rate of 5.0%, which does not exceed the long term average growth rate of the industry and country in which the businesses operate.

In the assessment of the recoverable amount of Indofood's dairy businesses, their value in use were calculated based on their cash flow projections as per the most recent financial budgets and forecasts, which management believes are reasonable and are management's best estimates of the ranges of economic condition that will exist over the forecast period. The cash flows beyond the projected periods are extrapolated using an estimated growth rate of 5.0%, which does not exceed the long term average growth rate of the industry and country in which the businesses operate.

In the assessment of the recoverable amount of MPIC's water business, its value in use was calculated based on its cash flow projections as per the most recent financial budgets and forecasts, which management believes are reasonable and are management's best estimates of the ranges of economic condition that will exist over the forecast period.

Changes to the above assumptions used by the management to determine the recoverable values can have significant impact on the results of the assessment. Management is of the opinion that no reasonably possible change in any of the key assumptions stated above would cause the carrying amount of the goodwill for each of the cash generating units to materially exceed their recoverable values.

Goodwill arising from MPIC's acquisition of First Philippine Infrastructure, Inc. (FPII) is still provisional and, therefore, has yet to be allocated to its particular cash generating unit. Impairment testing will commence in the period when the accounting of the acquisition is finalized, which should not be more than 12 months from the date of acquisition. Notwithstanding this, management believes that based on the financial budgets and forecasts of the toll road operations, there is no impairment of goodwill arising from the acquisition of FPII in 2008.

17. OTHER INTANGIBLE ASSETS

US$ millions	Concession assets	Brands	Consolidated
Cost			
At 1 January 2008	–	–	–
Acquisition of subsidiary companies *(Note 34(A))*	1,199.0	346.0	1,545.0
Exchange translation	(44.7)	–	(44.7)
Additions	63.8	–	63.8
At 31 December 2008	1,218.1	346.0	1,564.1
Accumulated Amortization			
At 1 January 2008	–	–	–
Charge for the year *(Note 6)*	27.3	–	27.3
Exchange translation	(1.7)	–	(1.7)
At 31 December 2008	25.6	–	25.6
Net Book Amount at 31 December 2008	1,192.5	346.0	1,538.5

(A) Concession assets represent the concessions held by (a) Maynilad for its exclusive right granted by MWSS on behalf of the Philippine government to provide water and sewerage services and charge users for the services provided in the area of West Metro Manila and (b) MNTC for its rights, interests and privileges to finance, design, construct, operate and maintain toll roads, toll facilities and other facilities generating toll-related and non-toll related income in respect of the Manila North Expressway (also known as North Luzon Expressway (NLEX)) – Phases 1, 2 and 3 during their respective concession periods.

In February 1997, Maynilad entered into a concession agreement with MWSS, with respect to the MWSS West Service Area. Under the concession agreement, MWSS grants Maynilad, the sole right to manage, operate, repair, decommission and refurbish all fixed and movable assets required to provide water and sewerage services in the West Service Area for 25 years ending in 2022. The legal title to all property, plant and equipment contributed to the existing MWSS system by Maynilad during the concession period remains with the Maynilad until the expiration date at which time, all rights, titles and interests in such assets will automatically vest to MWSS. Under the concession agreement, Maynilad is entitled to the rate adjustments of (a) annual standard rate adjustment to compensate for increases in the consumer price index subject to rate adjustment limit; (b) extraordinary price adjustment to account for the financial consequences of the occurrence of certain unforeseen events subject to grounds stipulated in the concession agreement; and (c) rate rebasing mechanism allows rates to be adjusted every five years to enable Maynilad to recover expenditures efficiently and prudently incurred, Philippine business taxes and payments corresponding to debt service on concession fees and Maynilad loans incurred to finance such expenditures.

In August 1995, First Philippine Infrastructure Development Corporation (FPIDC), the parent company of MNTC, entered into a joint venture agreement with Philippine National Construction Corporation (PNCC), in which PNCC assigned its rights, interests and privileges under its franchise to construct, operate and maintain toll facilities in the NLEX and its extensions, stretches, linkages and diversions in favour of MNTC, including the design, funding, construction, rehabilitation, refurbishing and modernization and selection and installation of an appropriate toll collection system therein during the concession period subject to prior approval by the President of the Philippines. In April 1998, the Philippine government, acting by and through the Toll Regulatory Board as the grantor, PNCC as the franchisee and MNTC as the concessionaire executed a Supplemental Toll Operation Agreement (STOA) whereby the Philippine government recognized and accepted the assignment by PNCC of its usufructuary rights, interests and privileges under its franchise in favor of MNTC as approved by the President of the Philippines and granted MNTC concession rights, obligations and privileges including the authority to finance, design, construct, operate and maintain the NLEX project roads as toll roads commencing upon the date the STOA comes into effect until 31 December 2030 or 30 years after the issuance of the Toll Operation Permit for the last completed phase, whichever is earlier. In October 2008, the concession agreement was extended for another seven years to 2037. Pursuant to the STOA, MNTC is required to pay franchise fees to PNCC and to pay for the government's project overhead expenses based on certain percentages of construction costs and maintenance works on the project roads. Upon expiry of the concession period, MNTC shall hand-over the project roads to the Philippine government without cost, free from any and all liens and encumbrances and fully operational and in good working condition, including any and all existing land required, works, toll road facilities and equipment found therein directly related to and in connection with the operation of the toll road facilities.

(B) Brands represent the brands held by PT Indolakto (Indolakto) for its various milk-related products.

(C) All of the Group's concession assets and brands were acquired by the Group as part of a business combination.

(D) The useful lives for amortization:

Concession assets	Remaining concession life after being acquired, 15 – 29 years
Brands	20 years

18. ACCOUNTS RECEIVABLE, OTHER RECEIVABLES AND PREPAYMENTS

	Consolidated	
US$ millions	**2008**	**2007**
Trade receivables	258.1	263.3
Other receivables	120.6	100.8
Prepayments	59.8	28.4
Total	438.5	392.5
Presented As:		
Non-current Portion	3.0	37.0
Current Portion	435.5	355.5
Total	438.5	392.5

(A) The carrying amount of the current portion of accounts receivable, other receivables and prepayments approximates to their fair value. The fair value of the non-current portion of accounts receivable, other receivables and prepayments is US$3.4 million (2007: US$42.0 million) which is determined based on cash flows discounted using a weighted average prevailing interest rate of 10.5% (2007: 9.9%). The weighted average effective interest rate of the non-current portion of accounts receivable, other receivables and prepayments is 11.7% (2007: 12.2%).

(B) The ageing profile of trade receivables is analyzed as below.

	Consolidated	
US$ millions	**2008**	**2007**
0 to 30 days	204.3	218.6
31 to 60 days	12.0	4.8
61 to 90 days	6.7	5.5
Over 90 days	35.1	34.4
Total	258.1	263.3

US$ millions	Consolidated 2008	2007
Neither past due nor impaired	234.5	225.2
Past due but not impaired		
– 0 to 30 days past due	9.4	6.0
– 31 to 60 days past due	6.2	5.5
– 61 to 90 days past due	7.1	13.8
– Over 90 days past due	0.9	12.8
Total	258.1	263.3

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

(C) At 31 December 2008, trade receivables of US$24.8 million (2007: US$4.1 million) were collectively impaired and fully provided for. Movements in the provision for impairment of trade receivables were as follows.

US$ millions	Consolidated 2008	2007
At 1 January	(4.1)	(1.8)
Exchange translation	0.6	0.2
Charge for the year *(Note 6)*	(7.0)	(2.5)
At 31 December	(10.5)	(4.1)

(D) As the Group's trade receivables relate to a large number of diversified customers, there is no concentration of credit risk.

(E) Indofood allows export customers 60 days of credit and local customers an average of 30 days of credit. MPIC (a) allows 60 days of credit to its water service customers, (b) collects toll fees through Tollway Management Corporation (TMC) (an associated company of MNTC's parent company) by the users' prepaid and reloadable electronic toll collection devices and credit card payment arrangements.

(F) Accounts receivable with a net book amount of US$20.9 million (2007: US$16.6 million) were pledged as security for certain of the Group's banking facilities (Note 27(E)).

19. PREPAID LAND PREMIUMS

US$ millions	Consolidated 2008	2007
At 1 January	151.4	48.4
Exchange translation	(15.8)	(4.1)
Acquisition of subsidiary companies *(Note 34(A))*	29.7	112.9
Additions	–	2.3
Recognition during the year *(Note 6)*	(7.1)	(2.8)
Total Prepaid Land Premiums	158.2	156.7
Current portion included in accounts receivable, other receivables and prepayments	(5.0)	(5.3)
At 31 December	153.2	151.4

US$ millions	Consolidated 2008	2007
Overseas, Held On:		
Leases of between 10 and 50 years	151.0	153.4
Leases of less than 10 years	7.2	3.3
Total	158.2	156.7

20. AVAILABLE-FOR-SALE ASSETS

US$ millions	Consolidated 2008	2007
Listed investments, at fair value:		
– Equity investments – Overseas	23.8	24.4
– Debentures with a fixed interest rate of 14.0% (2007: 14.0%) and a maturity date of 1 October 2014 (2007: 1 October 2014) – Overseas	0.3	0.4
Unlisted investment, at cost less impairment provisions:		
– Equity investment – Overseas	32.8	3.0
Unlisted investment, at fair value:		
– Club debentures – Hong Kong	1.7	2.3
Total	58.6	30.1
Presented As:		
Non-Current Portion	1.7	6.0
Current Portion	56.9	24.1
Total	58.6	30.1

The fair values of the listed equity investments and debentures are based on quoted market prices. The fair value of the unlisted investment in club debentures has been estimated by reference to recent market transaction prices. The Directors believe that the estimated fair values by reference to market prices, which are recorded in the carrying amounts of the available-for-sale assets, and the related changes in fair values, which are recorded directly in the Group's equity, are reasonable, and that they are the most appropriate values at the balance sheet date.

21. DEFERRED TAX

The movements in deferred tax assets during the year are as follows.

US$ millions	**Tax loss carry forward**	**Allowance for doubtful accounts**	**Liabilities for employee retirement benefits**	**Others**	**Consolidated**
Deferred Tax Assets					
At 1 January 2008	7.6	1.3	22.3	13.8	45.0
Exchange translation	(1.4)	(0.2)	(2.3)	(2.2)	(6.1)
Acquisition of subsidiary companies *(Note 34(A))*	–	–	4.7	13.3	18.0
Credit/(charge) to the profit and loss statement *(Note 7)*	3.0	0.9	(7.7)	(10.5)	(14.3)
Transfer from provision for taxation *(Note 28)*	–	–	–	5.4	5.4
Reclassification *(Note 8(B))*[(i)]	–	–	–	(9.3)	(9.3)
At 31 December 2008	9.2	2.0	17.0	10.5	38.7

(i) To assets of a disposal group classified as held for sale

US$ millions	**Tax loss carry forward**	**Allowance for doubtful accounts**	**Liabilities for employee retirement benefits**	**Others**	**Consolidated**
Deferred Tax Assets					
At 1 January 2007	2.4	0.4	4.9	12.6	20.3
Exchange translation	(0.1)	–	(0.7)	0.5	(0.3)
Acquisition of subsidiary companies *(Note 34(A))*	–	–	5.3	0.1	5.4
Credit/(charge) to the profit and loss statement *(Note 7)*	5.3	0.9	12.8	(1.4)	17.6
Transfer from provision for taxation *(Note 28)*	–	–	–	2.0	2.0
At 31 December 2007	7.6	1.3	22.3	13.8	45.0

The movements in deferred tax liabilities during the year are as follows.

US$ millions	**Allowance in excess of related depreciation of property, plant and equipment**	**Brands**	**Change in fair value of plantations**	**Withholding tax on undistributed earnings of subsidiary and associated companies**	**Others**	**Consolidated**
Deferred Tax Liabilities						
At 1 January 2008	(184.3)	–	(103.1)	(22.0)	(1.4)	(310.8)
Exchange translation	21.8	–	11.6	2.1	14.9	50.4
Acquisition of subsidiary companies *(Note 34(A))*	(11.7)	(86.5)	–	–	(79.0)	(177.2)
Credit/(charge) to the profit and loss statement *(Note 7)*	18.3	–	24.5	(2.4)	33.4	73.8
Transfer from provision for taxation *(Note 28)*	–	–	–	–	(5.2)	(5.2)
Reclassification *(Note 8(B))*[(i)]	–	–	–	–	5.0	5.0
At 31 December 2008	(155.9)	(86.5)	(67.0)	(22.3)	(32.3)	(364.0)

(i) To liabilities directly associated with the assets classified as held for sale

US$ millions	Allowance in excess of related depreciation of property, plant and equipment	Brands	Change in fair value of plantations	Withholding tax on undistributed earnings of subsidiary and associated companies	Others	Consolidated
Deferred Tax Liabilities						
At 1 January 2007	(96.6)	–	(60.6)	(4.3)	(1.8)	(163.3)
Exchange translation	4.8	–	5.7	–	3.9	14.4
Acquisition of subsidiary companies *(Note 34(A))*	(93.3)	–	(41.6)	–	(8.9)	(143.8)
Credit/(charge) to the profit and loss statement *(Note 7)*	0.8	–	(6.6)	(19.2)	8.2	(16.8)
Transfer to/(from) provision for taxation *(Note 28)*	–	–	–	1.5	(2.8)	(1.3)
At 31 December 2007	(184.3)	–	(103.1)	(22.0)	(1.4)	(310.8)

At 31 December 2008, tax losses available to reduce future income tax, arising in the entities to which they relate, amounted to US$9.1 million (2007: US$7.4 million) in respect of non-Hong Kong tax losses, and US$30.2 million (2007: US$30.2 million) in respect of Hong Kong tax losses. The non-Hong Kong tax losses are available for offsetting against future taxable profits of the companies in which the losses arose for three to five years, whereas Hong Kong tax losses are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. No deferred tax assets have been recognized in respect of these losses as they have arisen in subsidiary companies that have been loss-making for some time. Except for this, deferred tax assets have been properly recognized.

Pursuant to the Philippines and Indonesian income tax laws, withholding taxes of 10% to 15% is levied on dividends declared to foreign investors. The Group is therefore liable to withholding taxes on dividends distributed by its subsidiary and associated companies in the Philippines and Indonesia. At 31 December 2008, the Group has fully recognized the deferred tax for the withholding taxes that would be payable on unremitted earnings that are subject to withholding taxes of its associated companies established in the Philippines. However, except for those earnings to be distributed as dividends, no deferred tax has been recognized for withholding taxes that would be payable on the unremitted earnings of the Group's subsidiary companies established in the Philippines and Indonesia. In the opinion of the Directors, it is not probable that these subsidiary companies will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiary companies in the Philippines and Indonesia for which deferred tax liabilities have not been recognized totalled approximately US$22.5 million at 31 December 2008 (2007: US$25.2 million).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The amount at 31 December 2007 represents the fair value, determined based on a quoted market price, of certain PLDT shares designated as financial assets at fair value through profit or loss to offset against the exposure arising from changes in the fair value of the option element embedded in the Head Office's Exchangeable Notes. Following the full settlement of the Head Office's Exchangeable Notes in February 2008, the balances of these PLDT's shares were reclassified as the Group's interests in associated companies.

23. OTHER NON-CURRENT ASSETS

	Consolidated	
US$ millions	**2008**	**2007**
Deposits for acquisition of assets	96.4	34.2
Input value added taxes	31.8	0.3
Claims for tax refund	7.5	5.6
Deferred charges	7.2	9.0
Others	74.2	60.9
Total	217.1	110.0

The deposits for acquisition of assets mainly represent Indofood's deposits for the acquisition of vessels and certain landrights.

The input value added taxes mainly represent MNTC's input taxes from its purchase of goods and services (including those in relation to project construction cost).

The claims for tax refund relates to the tax payment in advance made by Indofood in respect of wheat importation which is creditable against Indofood's corporate income tax payable.

The deferred charges mainly represent deferred costs and expenses relating to Indofood's systems implementation.

24. CASH AND CASH EQUIVALENTS

	Consolidated		Company	
US$ millions	**2008**	**2007**	**2008**	**2007**
Cash at banks and on hand	478.1	492.1	34.5	0.1
Short-term time deposits	147.8	108.7	11.4	106.2
Total	625.9	600.8	45.9	106.3

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between three days and one month depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

25. INVENTORIES

	Consolidated	
US$ millions	**2008**	**2007**
Raw materials	389.9	281.5
Work in progress	6.1	6.3
Finished goods	161.4	154.9
Properties held for sale	–	51.3
Total	557.4	494.0

(A) At 31 December 2008, inventories with a carrying amount of US$68.8 million (2007: US$63.8 million) were carried at net realizable value.

(B) At 31 December 2008, inventories with a carrying amount of US$9.4 million (2007: US$13.8 million) were pledged as security for certain of the Group's banking facilities (Note 27(E)).

26. ACCOUNTS PAYABLE, OTHER PAYABLES AND ACCRUALS

	Consolidated	
US$ millions	**2008**	**2007**
Trade payables	233.4	213.0
Accrued expenses	287.0	140.9
Other payables	147.0	131.7
Total	667.4	485.6

The ageing profile of trade payables is analyzed as follows:

	Consolidated	
US$ millions	**2008**	**2007**
0 to 30 days	220.7	189.4
31 to 60 days	8.5	2.0
61 to 90 days	2.6	5.9
Over 90 days	1.6	15.7
Total	233.4	213.0

All of the accounts payable, other payables and accruals are expected to be settled within one year. The carrying amount of the Group's accounts payable, other payables and accruals approximate to their fair value.

27. BORROWINGS

				Consolidated	
US$ millions	**Effective interest rate (%)**	**Maturity**	*Notes*	**2008**	**2007**
Short-term					
Bank loans	5.0 – 17.7 (2007: 5.9 – 11.0)	2009 (2007: 2008)	(A)	1,115.7	819.6
Other loans	2.5 – 12.5 (2007: 2.5 – 13.5)	2009 (2007: 2008)	(B)	91.3	180.5
Subtotal				1,207.0	1,000.1
Long-term					
Bank loans	5.0 – 17.7 (2007: 7.3 – 11.0)	2010 – 2018 (2007: 2009 – 2013)	(C)	1,770.1	722.4
Other loans	10.0 (2007: 7.8 – 18.3)	2010 – 2012 (2007: 2009 – 2010)	(D)	181.6	322.1
Subtotal				1,951.7	1,044.5
Total				3,158.7	2,044.6

The balance of short-term borrowings includes US$163.1 million (2007: US$202.5 million) of current portion of long-term borrowings.

The maturity profile of the Group's borrowings is as follows:

US$ millions	Bank loans 2008	Bank loans 2007	Other loans 2008	Other loans 2007	Consolidated 2008	Consolidated 2007
Not exceeding one year	1,115.7	819.6	91.3	180.5	1,207.0	1,000.1
More than one year but not exceeding two years	110.4	64.0	–	105.8	110.4	169.8
More than two years but not exceeding five years	1,129.7	608.9	181.6	216.3	1,311.3	825.2
More than five years	530.0	49.5	–	–	530.0	49.5
Total	2,885.8	1,542.0	272.9	502.6	3,158.7	2,044.6
Representing amounts repayable						
– wholly within five years	2,297.3	1,246.0	272.9	502.6	2,570.2	1,748.6
– not wholly within five years	588.5	296.0	–	–	588.5	296.0
Total	2,885.8	1,542.0	272.9	502.6	3,158.7	2,044.6

The carrying amounts of the borrowings are denominated in the following currencies:

US$ millions	Consolidated 2008	Consolidated 2007
U.S. dollar	1,752.4	934.1
Rupiah	924.0	1,026.6
Peso	482.3	83.9
Total	3,158.7	2,044.6

An analysis of the carrying amounts of borrowings into fixed and variable interest rates is as follows:

US$ millions	Consolidated 2008	Consolidated 2007
Variable interest rate	2,479.7	1,552.6
Fixed interest rate	679.0	492.0
Total	3,158.7	2,044.6

The carrying amounts and fair values of the long-term borrowings are as follows:

US$ millions	Carrying amounts 2008	Carrying amounts 2007	Fair values 2008	Fair values 2007
Bank loans	1,770.1	722.4	1,777.0	731.3
Other loans	181.6	322.1	155.3	332.9
Total	1,951.7	1,044.5	1,932.3	1,064.2

The fair values are based on published price quotations for listed notes and bonds issued by the Group and projected cash flows discounted using the borrowing rates ranging from 5.0% to 17.7% (2007: 5.9% to 10.0%) for the other fixed interest rate borrowings. The carrying amounts of the Group's variable interest rate borrowings approximate to their fair values due to frequent repricing.

The carrying amounts of the short-term borrowings approximate to their fair values.

Details of the borrowings are set out below.

(A) Short-term Bank Loans

The balance includes US$150.0 million (with an aggregate face value of US$150.0 million) of bank loans (2007: Nil) borrowed by two wholly-owned subsidiary companies of the Company with details summarized as follows.

(a) A US$100.0 million (with a face value of US$100.0 million) bank loan (2007: Nil) drawn in November 2008 secured by the Group's 3.3% interest in PLDT, subject to a variable London Inter-bank Offer Rate (LIBOR) based interest rate, which is repayable in November 2009.

(b) A US$50.0 million (with a face value of US$50.0 million) bank loan (2007: Nil) drawn in November 2008 secured by the Group's 20.1% interest in Philex and 8.5% interest in MPIC, subject to a variable LIBOR based interest rate, which is repayable in November 2009.

(B) Short-term Other Loans

The balance includes Rupiah 1.0 trillion (with a face value of US$89.1 million) of Rupiah bonds (which represents the original amount issued in July 2004 of Rupiah 1.0 trillion (US$91.3 million) less repurchase of the bonds with a face value of Rupiah 24 billion (US$2.2 million) during 2005) (2007: face value of US$103.6 million) issued by Indofood, with a coupon rate of 12.5%, are payable quarterly, and mature in July 2009.

(C) Long-term Bank Loans

The balance includes US$634.2 million (with an aggregate face value of US$641.3 million) of bank loans (2007: US$641.1 million) borrowed by various wholly-owned subsidiary companies of the Company with details summarized as follows:

(a) A US$44.6 million (with a face value of US$45.0 million) bank loan (2007: US$49.5 million) drawn in November 2005 secured by the Group's 1.4% (2007: 1.1%) interest in PLDT, subject to a variable LIBOR based interest rate, which is repayable in November 2012.

(b) A US$49.6 million (with a face value of US$50.0 million) bank loan (2007: US$49.5 million) drawn in July 2006 secured by the Group's 1.2% (2007: 1.0%) interest in PLDT, subject to a variable LIBOR based interest rate, which is repayable in July 2011.

(c) A US$46.0 million (with a face value of US$46.3 million) bank loan (2007: US$49.5 million) drawn in November 2006 secured by the Group's 1.1% (2007: 1.1%) interest in PLDT, subject to a variable LIBOR based interest rate, which is repayable in November 2013.

(d) A US$296.5 million (with a face value of US$300.0 million) bank loan (2007: US$295.6 million) drawn in January 2007 secured by the Group's 6.7% interest (2007: 6.6%) in PLDT, subject to a variable LIBOR based interest rate, which is repayable in December 2011.

(e) A US$197.5 million (with a face value of US$200.0 million) bank loan (2007: US$197.0 million) drawn in August 2007 secured by the Group's 3.9% interest (2007: 3.9%) in PLDT, subject to a variable LIBOR based interest rate, which is repayable in December 2012.

(D) Long-term Other Loans

The balance includes Rupiah 2.0 trillion (with a face value of US$182.6 million) of Rupiah bonds (2007: face value of US$212.3 million) issued by Indofood in May 2007, with a coupon rate of 10.0%, are payable quarterly, and mature in May 2012.

(E) Charges on Group Assets

At 31 December 2008, the total borrowings include secured bank and other borrowings of US$1,604.0 million (2007: US$773.6 million). Such bank and other borrowings were secured by the Group's property, plant and equipment, plantations, accounts receivable and inventories equating to a net book value of US$635.2 million (2007: US$658.4 million) and the Group's interest of 17.6% (2007: 13.7%) in PLDT, 8.5% (2007: Nil) in MPIC and 20.1% (2007: Nil) in Philex.

(F) Bank Covenants

The Group has complied with all of its bank covenants, except for those related to Metro Pacific Corporation (Metro Pacific). Since the fourth quarter of 2001, Metro Pacific has been unable to meet its debt obligations. At 31 December 2008, Metro Pacific had Pesos 109 million (US$2.3 million) (2007: Pesos 451 million or US$10.9 million) outstanding debt obligations. Metro Pacific has reached agreements with certain of its creditors for the settlement of some of the debt obligations and anticipates to further reduce the outstanding debt obligations during 2009.

28. PROVISION FOR TAXATION

	Consolidated	
US$ millions	**2008**	**2007**
At 1 January	52.9	23.1
Exchange translation	(7.2)	(1.7)
Acquisition of subsidiary companies *(Note 34(A))*	0.7	17.6
Provision for taxation on estimated assessable profits for the year *(Note 7)*	121.6	96.5
Transfer from deferred taxation *(Note 21)*	0.2	0.7
Total	168.2	136.2
Tax paid	(112.4)	(83.3)
At 31 December	55.8	52.9

29. DEFERRED LIABILITIES AND PROVISIONS

US$ millions	Pension	Long-term liabilities	Others	Consolidated 2008	2007
At 1 January	152.4	8.3	37.2	197.9	108.7
Exchange translation	(21.9)	(17.7)	(6.2)	(45.8)	(3.0)
Additions	0.6	2.1	4.8	7.5	59.9
Acquisition of subsidiary companies *(Note 34(A))*	11.1	276.8	102.3	390.2	37.2
Payment and utilization	(4.5)	(9.8)	(63.7)	(78.0)	(4.9)
At 31 December	137.7	259.7	74.4	471.8	197.9
Presented as:					
Current Portion	–	19.0	20.4	39.4	17.4
Non-current Portion	137.7	240.7	54.0	432.4	180.5
Total	137.7	259.7	74.4	471.8	197.9

The pension relates to accrued liabilities in relation to retirement schemes and long service payments.

The long-term liabilities mainly relate to Maynilad's concession fees payable to MWSS and deferred credits (which represent foreign exchange gains which will be refunded to the customers and foreign exchange differences arising from retranslation of the portion of Maynilad's foreign currency denominated concession fees payable and loans) and Indofood's accrued liabilities for dismantlement, removal or restoration in relation to property, plant and equipment.

The others mainly relate to MNTC's provision for value added taxes and a restructuring provision. The restructuring provision relates to the restructuring of the Group's shareholding structure in PLDT. The amount of the provision for the restructuring is estimated based on the anticipated transaction costs required to complete the restructuring. The estimation basis is reviewed on an ongoing basis and revised as appropriate.

30. SHARE CAPITAL

US$ millions	Consolidated and Company 2008	2007
Authorized		
5,000,000,000 (2007: 5,000,000,000) ordinary shares of U.S. 1 cent each	50.0	50.0
Issued and fully paid		
At 1 January	32.2	32.0
Issue of shares upon the exercise of share options	0.1	0.2
Repurchase and cancellation of shares	(0.2)	–
At 31 December		
3,213,377,003 (2007: 3,224,143,003) ordinary shares of U.S. 1 cent each	32.1	32.2

During the year, the movements in the Company's share capital were as follows.

(A) 7,060,000 (2007: 23,314,000) share options were exercised at the exercise price of HK$1.76 per share (2007: HK$1.76 per share), resulting in the issue of 7,060,000 (2007: 23,314,000) new ordinary shares of U.S. 1 cent each for a total cash consideration of HK$12.4 million (US$1.6 million) (2007: HK$41.0 million or US$5.3 million). Details of the Company's share option scheme are set out in Note 37(D)(a) to the Financial Statements.

(B) During the year, the Company repurchased 17,826,000 (2007: 3,964,000) ordinary shares on the SEHK at an aggregate consideration of HK$78.2 million (US$10.1 million) (2007: HK$23.3 million or US$3.0 million) before expenses. These shares were subsequently cancelled. Details of the repurchase are summarized as follows:

Month of repurchases	Number of ordinary shares repurchased	Purchase price paid per share Highest *HK$*	Purchase price paid per share Lowest *HK$*	Aggregate consideration paid *HK$ millions*	Aggregate consideration paid *US$ millions*
May 2008	3,320,000	5.50	5.20	17.7	2.3
June 2008	3,152,000	4.99	4.83	15.6	2.0
July 2008	2,226,000	4.62	4.24	10.0	1.3
September 2008	4,392,000	4.50	3.90	18.0	2.3
October 2008	4,736,000	3.88	2.20	16.9	2.2
Total	17,826,000			78.2	10.1

The repurchases were effected by the Directors with a view to benefiting the shareholders as a whole by enhancing the Company's net assets and earnings per share.

31. OTHER RESERVES

An analysis of the Group's exchange reserve, by principal operating company, is set out below.

US$ millions	Consolidated 2008	Consolidated 2007
PLDT	(27.2)	51.0
MPIC	(15.4)	6.6
Indofood	(75.5)	(17.4)
Philex	3.0	–
Others	(0.9)	4.0
Total	(116.0)	44.2

An analysis of the accumulated reserves of associated companies and joint ventures, included within consolidated reserves, is set out below.

	Associated Companies		Joint Ventures		Consolidated	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**
US$ millions				(Restated)		(Restated)
Associated Companies and Joint Ventures						
Revenue reserve	(861.8)	(808.5)	(0.5)	30.6	(862.3)	(777.9)
Exchange reserve	(24.4)	51.1	(0.6)	15.8	(25.0)	66.9
Unrealized gains on cash flow hedges	1.4	7.3	–	–	1.4	7.3
Total *(Note 15)*	(884.8)	(750.1)	(1.1)	46.4	(885.9)	(703.7)

The Group's capital and other reserves include US$0.2 million (2007: Nil) of capital redemption reserve.

The contributed surplus of the Company arose from a reorganization of the Group in 1988 and represents the difference between the nominal value of the share capital issued by the Company and the aggregate net asset value of the subsidiary companies acquired at the date of acquisition. Under the Companies Act 1981 of Bermuda (as amended), the Company may make distributions to its shareholders out of the contributed surplus provided certain conditions are met.

32. MINORITY INTEREST

An analysis of the Group's minority interest, by principal operating company, is set out below.

	Consolidated	
	2008	**2007**
US$ millions		(Restated)
Indofood	1,060.7	949.9
MPIC	184.4	41.8
Total	1,245.1	991.7

33. DERIVATIVE LIABILITY

The amount at 31 December 2007 represents the fair value of the exchangeable option embedded in the Head Office's Exchangeable Notes. Following the full settlement of the Head Office's Exchangeable Notes in February 2008, all of the remaining amount of such derivative liability has been charged to the profit and loss statement.

34. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(A) Acquisition of Subsidiary Companies

	Fair value recognized on acquisition							Carrying amount immediately before the acquisition	
US$ millions	MPIC's consolidation of DMWC and its subsidiary company	MPIC's acquisition of FPII and its subsidiary companies	Indofood's acquisition of PT Lajuperdana Indah (LPI)	Indofood's acquisition of Drayton and its subsidiary companies	Others	2008 Total	2007 Indofood's acquisition of PT Perusahaan Perkebunan London Sumatra and others Total	2008 Total	2007 Total
Consideration									
Cash and cash equivalents	107.9	242.2	41.0	351.5	5.9	748.5	573.6		
Joint ventures	100.3	–	–	–	–	100.3	–		
Due from a joint venture	21.1	–	–	–	–	21.1	–		
Due to a group company	–	9.5	–	–	–	9.5	–		
Shares issued by IndoAgri	–	–	–	–	–	–	132.1		
Total	229.3	251.7	41.0	351.5	5.9	879.4	705.7		
Net Assets									
Property, plant and equipment *(Note 12)*	11.6	2.2	40.9	36.0	2.0	92.7	108.7	82.8	80.8
Plantations *(Note 13)*	–	–	4.3	–	1.3	5.6	577.0	5.9	198.1
Associated companies and joint ventures	–	14.3	–	–	–	14.3	–	13.7	–
Other intangible assets *(Note 17)*	853.7	345.3	–	346.0	–	1,545.0	–	1,404.0	–
Accounts receivable, other receivables and prepayments (Non-current)	–	6.1	–	–	–	6.1	14.9	6.1	14.9
Prepaid land premiums *(Note 19)*	–	–	20.0	8.6	1.1	29.7	112.9	11.6	54.0
Deferred tax assets *(Note 21)*	11.3	4.3	2.1	0.3	–	18.0	5.4	3.7	0.2
Other non-current assets	15.1	33.4	–	3.1	5.3	56.9	9.5	57.1	9.5
Cash and cash equivalents	61.9	37.9	34.8	1.1	1.0	136.7	56.0	136.7	56.0
Pledged deposits	12.0	–	–	–	–	12.0	–	12.0	–
Due from a group company	–	9.5	–	–	–	9.5	–	9.5	–
Available-for-sale assets	–	–	–	1.2	–	1.2	–	1.2	–
Accounts receivable, other receivables and prepayments (Current)	23.2	2.9	4.2	35.3	0.1	65.7	17.8	65.7	17.8
Inventories	0.6	0.6	0.5	48.8	0.1	50.6	19.9	50.6	19.9
Capital reserve	2.2	–	–	–	–	2.2	–	–	–
Accounts payable, other payables and accruals	(147.0)	(19.7)	(16.8)	(61.2)	(5.2)	(249.9)	(59.2)	(249.7)	(59.2)
Due to a group company	(95.0)	–	–	–	–	(95.0)	–	(95.0)	–
Short-term borrowings	(50.0)	(13.6)	(0.3)	(16.0)	–	(79.9)	(27.5)	(79.9)	(27.5)
Current portion of deferred liabilities and provisions	(22.5)	(3.9)	–	–	–	(26.4)	–	(26.4)	–
Provision for taxation *(Note 28)*	–	–	(0.1)	(0.6)	–	(0.7)	(17.6)	(0.7)	(17.6)
Long-term borrowings	–	(179.1)	(21.2)	(6.2)	–	(206.5)	(62.7)	(206.5)	(62.7)
Deferred liabilities and provisions *(Note 29)*	(345.0)	(40.1)	–	(5.1)	–	(390.2)	(37.2)	(340.9)	(19.7)
Deferred tax liabilities *(Note 21)*	(65.3)	(13.9)	(6.7)	(91.0)	(0.3)	(177.2)	(143.8)	(131.9)	(8.2)
Total Net Assets	266.8	186.2	61.7	300.3	5.4	820.4	574.1	729.6	256.3
Minority interest	(123.3)	(52.7)	(24.8)	(94.3)	–	(295.1)	(203.5)		
Total Net Assets Acquired at Fair Value	143.5	133.5	36.9	206.0	5.4	525.3	370.6		
Goodwill *(Note 16)*	85.8	118.2[i]	4.1	145.5	0.5	354.1	335.1		
Net Cash Outflow Per the Consolidated Cash Flow Statement	(46.0)	(204.3)	(6.2)	(350.4)	(4.9)	(611.8)	(517.6)		

(i) Provisional amount subject to revision upon further assessment of fair value of the share of identifiable assets acquired and liabilities and contingent liabilities assumed

In July 2008, MPIC (i) repaid Pesos 1.4 billion (US$31.8 million) of exchangeable debt and purchased US$20.0 million of convertible debt issued by DMWC from Ashmore Investment Management Limited and their affiliates (the Ashmore Funds) and (ii) purchased US$20.0 million of convertible debt issued by DMWC from the Company. Following these transactions, MPIC's voting interest in DMWC increased to approximately 55.4% on a fully diluted basis. As a result, DMWC changed from a joint venture to a subsidiary company of MPIC and MPIC consolidated DMWC's financial results and position starting from July 2008. In November 2008, a shareholders' agreement between MPIC and DMCI Holdings Inc. regarding their investments in DMWC was finalized. According to this agreement, MPIC's economic interest in DMWC also increased from 50.0% to 55.4% on a fully diluted basis.

In November 2008, MPIC acquired a 99.8% interest in First Philippine Infrastructure, Inc. (FPII). FPII owns approximately 67.1% interest in MNTC. MNTC was granted a concession in June 1998 to finance, design, construct, operate and maintain the toll roads, toll facilities and other facilities generating toll-related and non-toll-related income in respect of the NLEX in the Philippines.

In July 2008, PT Salim Ivomas Pratama (SIMP), a subsidiary company of Indofood, completed its subscription of a 60.0% of interest in PT Lajuperdana Indah (LPI) for a total consideration of Rupiah 375 billion (US$41.0 million). LPI engages in sugar cane plantation operations in Indonesia and owns approximately 21,500 hectares of plantation land.

In December 2008, Indofood acquired a 100% interest in Drayton Pte Ltd (Drayton) and a shareholder's loan of US$100.5 million to Drayton from Drayton's original shareholder, for a total consideration of US$350.0 million. Drayton owns a 68.6% interest in Indolakto. Drayton is an investment holding company. Indolakto engages in the production of processed milk and milk-related products in Indonesia.

The goodwill is mainly attributable to the premiums for the acquisition of control in the above acquired companies and the synergies expected to arise from the acquisition of them.

Since the date of acquisitions, the above acquired companies recorded a profit for the year of US$16.5 million, which is included in the profit and loss of the Group. If all of the above acquisitions had taken place on 1 January 2008, the turnover of the Group for the year ended 31 December 2008 would have been US$4,326.3 million. It is not practicable to disclose the profit for the year of the Group, as if the acquisitions had taken place at the beginning of the year, as the information of fair value of plantations of the acquired companies at the beginning of the year is not available to management. The subsidiary companies acquired during the year had net cash inflows from operating and financing activities of US$50.2 million and US$120.3 million, respectively, and had a net cash outflow of US$90.2 million in respect of investing activities during the year.

(B) Investments in Associated Companies

The cash outflow mainly relates to the Group's investment in a 20.1% interest in Philex in November 2008 of US$129.1 million and MPIC's investment in a 34.0% interest in Davao Doctors Hospital in June 2008 of US$11.4 million.

(C) Pledged Deposits

At 31 December 2008, the Group had US$12.0 million (2007: Nil) pledged bank deposits to secure a performance bond requirement of Maynilad in respect of payment of concession fees.

(D) Major Non-cash Transaction

During the year, the Group settled US$3.9 million of the Head Office's Exchangeable Notes through the transfer of 0.1% of PLDT's shares and Metro Pacific Corporation, a 96.6% owned subsidiary company of MPIC, settled Pesos 289 million (US$6.8 million) of borrowings through the transfer of certain property assets to its creditors.

35. COMMITMENTS AND CONTINGENT LIABILITIES

(A) Capital Expenditure

	Consolidated	
US$ millions	**2008**	**2007**
Commitments in respect of subsidiary companies:		
Authorized, but not contracted for	548.2	185.6
Contracted, but not provided for	6.3	41.9
Total	554.5	227.5

The Group's capital expenditure commitments principally relate to Indofood's purchase of property, plant and equipment, investments in plantations, and Maynilad's and MNTC's construction of water and toll road infrastructure.

At 31 December 2008, the Company has no commitments in respect of capital expenditure (2007: Nil).

(B) Leasing Commitments

At 31 December 2008, the Group had total future minimum lease payments under non-cancelable operating leases falling due as follows.

	Consolidated	
US$ millions	**2008**	**2007**
Land and Buildings		
– Within one year	2.8	1.9
– Between two and five years, inclusive	1.6	1.9
– After five years	1.8	3.2
Subtotal	6.2	7.0
Plant and Equipment		
– Within one year	0.1	0.3
– Between two and five years, inclusive	0.1	0.3
– After five years	0.1	0.8
Subtotal	0.3	1.4
Total	6.5	8.4

At 31 December 2008, the Company did not have any leasing commitments (2007: Nil).

(C) Contingent Liabilities

At 31 December 2008, except for US$53.7 million (2007: US$73.4 million) guarantees given by Indofood to loan facilities obtained by certain plantation farmers in relation to arrangements for those farmers' production and sale of fresh fruit bunches to Indofood, neither the Group nor the Company had any significant contingent liabilities (2007: Nil).

36. EMPLOYEES' BENEFITS

(A) Remuneration

US$ millions	Consolidated **2008**	**2007**
Basic salaries	209.6	179.7
Bonuses	44.3	28.5
Benefits in kind	29.5	41.4
Pension contributions	35.1	14.1
Retirement and severance allowances	10.8	8.3
Equity-settled share option expense	18.0	8.7
Total *(Note 6)*	347.3	280.7
Average Number of Employees	65,015	51,722

The above includes the remuneration of the Directors. Detailed disclosures in respect of Directors' remuneration are set out in Note 37(A) to the Financial Statements.

(B) Retirement Benefits

The Group operates both defined contribution and defined benefit schemes. In addition, the Group has made provisions for estimated liabilities for employee benefits for meeting the minimum benefits required to be paid to the qualified employees as required under Indonesian's labour law.

(a) Defined contribution schemes

The Group operates five (2007: five) defined contribution schemes covering approximately 17,884 (2007: 19,351) employees. The assets of these schemes are held separately from the Group and are administered by independent trustees. Contributions to the schemes, either by the Group or by the employees, are determined by reference to the employees' salaries and length of service and range from 0% to 10% (2007: 0% to 10%). Under the terms of the schemes, the Group cannot be requested to make additional payments over and above these levels of contributions. In three (2007: three) of the schemes, forfeited contributions may be used to reduce the existing levels of employer contributions and, in 2008, no amount (2007: Nil) was used for this purpose. At 31 December 2008, the forfeited contributions had been fully utilized.

(b) Defined benefit schemes and estimated liabilities for employee benefits

The Group operates five (2007: three) defined benefit schemes covering approximately 2,615 (2007: 753) employees. The assets of four (2007: two) of these schemes are held separately from the Group and are administered by independent trustees. Benefits are determined by reference to employees' final salaries and length of service, and the schemes have undergone independent valuations. These actuarial valuations, performed by the actuaries of PT Sentra Jasa Aktuaria (a member of the Fellow Society of Actuary of Indonesia and Expert in Life Insurance in Indonesia), Actuarial Advisers, Inc. and Institutional Synergy, Inc, FASP (members of Actuary Society of the Philippines), were based on the projected unit credit method. The plan assets do not include any financial instruments of the Group or property occupied by, or other assets used by, the Group. At 31 December 2008, the Group's level of funding in respect of its defined benefit schemes was 59.5% (2007: 57.3%).

The Group has made provisions for estimated liabilities for employee benefits covering approximately 45,953 (2007: 42,291) employees. The amounts of such provisions were determined by reference to employees' final salaries and length of service and based on actuarial computations prepared by the actuaries of PT Sentra Jasa Aktuaria and PT Jasa Aktuaria Praptasentosa Gunajasa (members of the Fellow Society of Actuary of Indonesia and Expert in Life Insurance in Indonesia) using the projected unit credit method.

(I) The amount of liability under defined benefit schemes and estimated liabilities for employee benefits included in the balance sheet is as follows:

US$ millions	**Defined benefit schemes**	**Estimated liabilities for employee benefits**	**Consolidated 2008**	**Consolidated 2007**
Present value of defined benefit obligations	(18.5)	(125.8)	(144.3)	(154.9)
Fair value of plan assets	11.0	–	11.0	6.3
Liability in the Balance Sheet	(7.5)	(125.8)	(133.3)	(148.6)

(II) The changes in the present value of the defined benefit obligations during the year are as follows:

US$ millions	**Defined benefit schemes**	**Estimated liabilities for employee benefits**	**Consolidated 2008**	**Consolidated 2007**
At 1 January	(11.0)	(143.9)	(154.9)	(67.2)
Exchange translation	2.1	20.4	22.5	3.1
Current service cost	(1.8)	(10.5)	(12.3)	(8.1)
Interest cost on obligation	(1.0)	(17.8)	(18.8)	(8.8)
Actuarial gains/(losses)	4.2	22.0	26.2	(41.3)
Acquisition of subsidiary companies	(12.8)	(5.3)	(18.1)	(37.2)
Benefit paid	1.8	9.3	11.1	4.6
At 31 December	(18.5)	(125.8)	(144.3)	(154.9)

(III) The changes in the fair value of plan assets under defined benefit schemes during the year are as follows:

	Consolidated	
US$ millions	**2008**	**2007**
At 1 January	6.3	6.8
Exchange translation	(1.4)	(0.2)
Expected return	0.5	0.9
Actuarial losses	(0.6)	–
Assets distributed on settlements	(0.8)	–
Contributions by employer	1.8	0.1
Acquisition of subsidiary companies	7.0	–
Benefit paid	(1.8)	(1.3)
At 31 December	11.0	6.3

The overall expected rate of return on assets is determined based on the market prices prevailing on that date applicable to the period over which the obligation is to be settled.

(IV) The major categories of plan assets as a percentage of the fair value of the total plan assets under defined benefit schemes are as follows:

	Consolidated	
	2008	**2007**
Philippines equities	52%	1%
Indonesian equities	48%	99%

(V) Amounts for the current and previous four years for defined benefit schemes are as follows:

			Consolidated		
US$ millions	**2008**	**2007**	**2006**	**2005**	**2004**
Defined benefit obligations	(18.5)	(11.0)	(10.5)	(11.0)	(9.0)
Plan assets	11.0	6.3	6.8	6.2	6.4
Deficit	(7.5)	(4.7)	(3.7)	(4.8)	(2.6)
Experience adjustments on plan liabilities	(4.1)	(0.7)	(0.1)	(2.3)	(1.0)
Experience adjustments on plan assets	(0.6)	–	–	–	–

(VI) The amount recognized in the profit and loss statement is analyzed as follows:

US$ millions	**Defined benefit schemes**	**Estimated liabilities for employee benefits**	**Consolidated 2008**	**Consolidated 2007**
Current service cost	1.8	10.5	12.3	8.1
Interest cost on obligation	1.0	17.8	18.8	8.8
Expected return on plan assets	(0.5)	–	(0.5)	(0.9)
Net actuarial (gains)/losses recognized in the year	(3.6)	(22.0)	(25.6)	41.3
Total[(i)]	(1.3)	6.3	5.0	57.3
Actual Return on Plan Assets			7%	13%

(i) Included in cost of sales, distribution costs, administrative expenses and other operating expenses, net

(VII) Principal actuarial assumptions (weighted average) at 31 December are as follows:

	Consolidated 2008	**Consolidated 2007**
Discount rate	11%	9%
Expected return on plan assets	8%	8%
Future salary increases	9%	9%
Future pension increases	9%	9%
Average remaining working lives of employees (years)	17.8	18.9

(VIII) The Group expects to contribute US$2.0 million (2007: US$1.8 million) to its defined benefit pension plans in the next year.

(C) Loans to Officers

During 2008 and 2007, there were no loans made by the Group to officers which require disclosure pursuant to Section 161B of the Hong Kong Companies Ordinance.

37. DIRECTORS' AND SENIOR EXECUTIVES' REMUNERATION

(A) Directors' Remuneration

The table below shows the remuneration of Directors on an individual basis.

Directors' Remuneration – 2008

US$'000	Non-performance based Salaries	Non-performance based Other benefits	Non-performance based Pension contributions	Performance based payments[i]	Equity-settled share option expense	Fees[ii]	Emoluments[iii]	2008 Total
Chairman								
Anthoni Salim	1,152	–	–	–	–	30	–	1,182
Executive Directors								
Manuel V. Pangilinan *Managing Director and Chief Executive Officer*	2,080	460	142	1,559	4,028	–	–	8,269
Edward A. Tortorici	1,242	135	1,595	120	2,499	–	–	5,591
Robert C. Nicholson	892	23	2	446	2,117	–	–	3,480
Non-executive Directors								
Ambassador Albert F. del Rosario	–	–	–	–	720	160	–	880
Sutanto Djuhar	–	–	–	–	–	–	–	–
Tedy Djuhar	–	–	–	–	–	40	–	40
Ibrahim Risjad	–	–	–	–	–	–	–	–
Benny S. Santoso	–	–	–	–	720	89	–	809
Napoleon L. Nazareno	244	119	19	146	–	91	–	619
Independent Non-executive Directors								
Graham L. Pickles	–	–	–	–	720	115	–	835
Prof. Edward K.Y. Chen, *GBS, CBE, JP*	–	–	–	–	720	90	–	810
Sir David W.C. Tang, *KBE*	–	–	–	–	720	45	77	842
Total	5,610	737	1,758	2,271	12,244	660	77	23,357

Directors' Remuneration – 2007

US$'000	Non-performance based Salaries	Other benefits	Pension contributions	Performance based payments(i)	Equity-settled share option expense	Fees(ii)	Emoluments(iii)	2007 Total
Chairman								
Anthoni Salim	464	–	–	–	–	–	–	464
Executive Directors								
Manuel V. Pangilinan *Managing Director and Chief Executive Officer*	1,610	419	96	2,018	1,854	–	–	5,997
Edward A. Tortorici	1,035	149	1,073	–	1,284	–	–	3,541
Robert C. Nicholson	947	21	2	756	1,062	–	–	2,788
Non-executive Directors								
Ambassador Albert F. del Rosario	–	–	–	–	342	125	–	467
Sutanto Djuhar	–	–	–	–	–	–	–	–
Tedy Djuhar	–	–	–	–	–	–	–	–
Ibrahim Risjad	–	–	–	–	–	–	–	–
Benny S. Santoso	–	–	–	–	342	31	–	373
Independent Non-executive Directors								
Graham L. Pickles	–	–	–	–	342	115	–	457
Prof. Edward K.Y. Chen, *GBS, CBE, JP*	–	–	–	–	342	120	–	462
Sir David W.C. Tang, *KBE*	–	–	–	–	342	75	77	494
Total	4,056	589	1,171	2,774	5,910	466	77	15,043

(i) Performance based payments comprise performance bonuses and long-term monetary incentive awards
(ii) For meetings attended
(iii) For consultancy services provided to the Company

Included within the total Directors' remuneration is an amount of US$1.3 million (2007: US$1.2 million) paid by PLDT, an associated company, in respect of the services of the Managing Director and Chief Executive Officer.

(B) Senior Executives' Remuneration

As similar remuneration schemes operate for the senior executives of the Group, their remuneration may exceed those of the Company's Directors. Two (2007: Two) senior executives were among the Group's five highest earning employees. The remaining three (2007: three) of the five highest earning employees, are the Company's Directors.

US$ millions	**2008**	**2007**
Non-performance based		
– Salaries and benefits	0.8	0.7
Performance based		
– Bonuses and long-term monetary incentive awards	0.2	0.3
Equity-settled share option expense	2.1	1.1
Total	3.1	2.1

The table below shows the remuneration of the two (2007: two) senior executives who were among the Group's five highest earning employees in 2008.

Remuneration bands	2008 *Number*	2007 *Number*
US$893,001 – US$957,000	–	1
US$1,149,001 – US$1,213,000	–	1
US$1,469,001 – US$1,533,000	1	–
US$1,597,001 – US$1,661,000	1	–
Total	2	2

(C) Key Management Personnel Compensation

	Consolidated	
US$ millions	**2008**	**2007**
Non-performance based		
– Salaries and benefits	22.5	15.8
– Pension contributions	1.9	2.0
Performance based		
– Bonuses and long-term monetary incentive awards	9.1	7.4
Equity-settled share option expense	18.0	8.7
Fees	0.6	0.5
Total	52.1	34.4

(D) Share Options

Particulars of the share options of the Company and its subsidiary company granted to the Directors and senior executives of the Company and its subsidiary company at 31 December 2008 are set out below.

(a) Particulars of the Company's Share Option Scheme

	Share options held at 1 January 2008	Share options exercised during the year	Share option held at 31 December 2008	Share options exercise price *(HK$)*	Market price at the date of grant *(HK$)*	Market price during the period of exercise *(HK$)*	Grant date	Fully vested by	Exercisable from	Exercisable until
Executive Directors										
Manuel V. Pangilinan	31,800,000	–	31,800,000	1.76	1.76	–	1 June 2004	December 2008	June 2005	May 2014
	30,200,000	–	30,200,000	5.33	5.33	–	5 September 2007	September 2012	September 2008	September 2017
Edward A. Tortorici	10,620,000	(7,060,000)	3,560,000	1.76	1.76	5.72	1 June 2004	December 2008	June 2005	May 2014
	18,200,000	–	18,200,000	5.33	5.33	–	5 September 2007	September 2012	September 2008	September 2017
Robert C. Nicholson	14,000,000	–	14,000,000	1.76	1.76	–	1 June 2004	December 2008	June 2005	May 2014
	15,500,000	–	15,500,000	5.33	5.33	–	5 September 2007	September 2012	September 2008	September 2017
Non-Executive Directors										
Ambassador Albert F. del Rosario	2,840,000	–	2,840,000	1.76	1.76	–	1 June 2004	June 2005	June 2005	May 2014
	3,160,000	–	3,160,000	5.33	5.33	–	5 September 2007	September 2008	September 2008	September 2017
Benny S. Santoso	2,840,000	–	2,840,000	1.76	1.76	–	1 June 2004	June 2005	June 2005	May 2014
	3,160,000	–	3,160,000	5.33	5.33	–	5 September 2007	September 2008	September 2008	September 2017
Independent Non-Executive Directors										
Graham L. Pickles	3,160,000	–	3,160,000	5.33	5.33	–	5 September 2007	September 2008	September 2008	September 2017
Prof. Edward K.Y. Chen, *GBS, CBE, JP*	1,340,000	–	1,340,000	1.76	1.76	–	1 June 2004	June 2005	June 2005	May 2014
	3,160,000	–	3,160,000	5.33	5.33	–	5 September 2007	September 2008	September 2008	September 2017
Sir David W. C. Tang, *KBE*	3,160,000	–	3,160,000	5.33	5.33	–	5 September 2007	September 2008	September 2008	September 2017
Senior Executives	29,032,000	–	29,032,000	1.76	1.76	–	1 June 2004	December 2008	June 2005	May 2014
	4,500,000	–	4,500,000	3.275	3.25	–	7 June 2006	December 2010	June 2007	June 2016
	42,220,000	–	42,220,000	5.33	5.33	–	5 September 2007	September 2012	September 2008	September 2017
Total	218,892,000	(7,060,000)	211,832,000							

	Share options held at 1 January 2007	Share options granted during the year	Share options exercised during the year	Share options held at 31 December 2007	Share option exercise price *(HK$)*	Market price at date of grant *(HK$)*	Market price during the period of exercise *(HK$)*	Grant date	Fully vested by	Exercisable from	Exercisable until
Executive Directors											
Manuel V. Pangilinan	31,800,000	–	–	31,800,000	1.76	1.76	–	1 June 2004	December 2008	June 2005	May 2014
	–	30,200,000	–	30,200,000	5.33	5.33	–	5 September 2007	September 2012	September 2008	September 2017
Edward A. Tortorici	17,680,000	–	(7,060,000)	10,620,000	1.76	1.76	5.72	1 June 2004	December 2008	June 2005	May 2014
	–	18,200,000	–	18,200,000	5.33	5.33	–	5 September 2007	September 2012	September 2008	September 2017
Robert C. Nicholson	24,500,000	–	(10,500,000)	14,000,000	1.76	1.76	5.80-6.00	1 June 2004	December 2008	June 2005	May 2014
	–	15,500,000	–	15,500,000	5.33	5.33	–	5 September 2007	September 2012	September 2008	September 2017
Non-Executive Directors											
Ambassador Albert	2,840,000	–	–	2,840,000	1.76	1.76	–	1 June 2004	June 2005	June 2005	May 2014
F. del Rosario	–	3,160,000	–	3,160,000	5.33	5.33	–	5 September 2007	September 2008	September 2008	September 2017
Benny S. Santoso	2,840,000	–	–	2,840,000	1.76	1.76	–	1 June 2004	June 2005	June 2005	May 2014
	–	3,160,000	–	3,160,000	5.33	5.33	–	5 September 2007	September 2008	September 2008	September 2017
Independent Non-Executive Directors											
Graham L. Pickles	1,000,000	–	(1,000,000)	–	1.76	1.76	5.18-5.39	1 June 2004	June 2005	June 2005	May 2014
	–	3,160,000	–	3,160,000	5.33	5.33	–	5 September 2007	September 2008	September 2008	September 2017
Prof. Edward K.Y. Chen	2,840,000	–	(1,500,000)	1,340,000	1.76	1.76	5.60-5.96	1 June 2004	June 2005	June 2005	May 2014
GBS, CBE, JP	–	3,160,000	–	3,160,000	5.33	5.33	–	5 September 2007	September 2008	September 2008	September 2017
Sir David W. C. Tang, *KBE*	–	3,160,000	–	3,160,000	5.33	5.33	–	5 September 2007	September 2008	September 2008	September 2017
Senior Executives	32,286,000	–	(3,254,000)	29,032,000	1.76	1.76	4.42-6.05	1 June 2004	December 2008	June 2005	May 2014
	4,500,000	–	–	4,500,000	3.275	3.25	–	7 June 2006	December 2010	June 2007	June 2016
	–	42,220,000	–	42,220,000	5.33	5.33	–	5 September 2007	September 2012	September 2008	September 2017
Total	120,286,000	121,920,000	(23,314,000)	218,892,000							

At the AGM held on 24 May 2004, the Company's shareholders approved a share option scheme (Scheme) under which the Directors may, at their discretion, at any time during the period of the Scheme, grant Directors and executives of the Company's share options as part of the Company's long-term incentive program. The Scheme, which complies with the provisions set out in Chapter 17 of the Listing Rules, became effective on 24 May 2004. The Scheme will be valid for 10 years and will expire on 23 May 2014.

The maximum number of shares on which options may be granted may not exceed 10% of the Company's issued share capital, excluding any shares issued on the exercise of options at any time. The maximum number of shares in respect of which options may be granted under the Scheme to any one participant in any 12-month period is limited to 1% of the aggregate number of shares of the Company in issue at the time of the proposed grant of options to such participant.

The exercise price in relation to each share option offer shall be determined by the Directors at their absolute discretion, but in any event shall not be less than the highest of (i) the closing price of the Company's shares as stated in the daily quotation sheet of the SEHK on the date of grant; (ii) the average closing price of the Company's shares as stated in the daily quotation sheets of the SEHK for the five trading days immediately preceding the date of grant; and (iii) the nominal value of a Company's share on the date of grant. The terms of the Scheme provide that subject to any other restrictions on vesting imposed by the Directors, share options may be exercised under the Scheme at any time from the date of acceptance until the date of expiry. All options presently outstanding under the Scheme are subject to certain restrictions on exercise including a prohibition on exercise at any time during the period commencing one year after the date on which any option is accepted. Options which lapse or are cancelled prior to their expiry date are deleted from the register of options.

On 1 June 2004, 134,586,000 share options under the Company's Scheme were granted. The average fair value of options granted as calculated by Watson Wyatt Hong Kong Limited, based on the binomial model, was HK$0.849 or an aggregate value of US$14.6 million for all options granted. The assumptions used were as follows:

Share price at the date of grant	HK$1.76
Exercise price	HK$1.76
Expected volatility (based on historical volatility of the Company's shares commensurate with the average expected life of the options granted)	55%
Option life	10 years
Expected dividend yield	1% per annum
Average risk-free interest rate (based on the Hong Kong Exchange Fund Notes)	4.06% per annum

Taking into account the expected turnover rate of the Directors and senior executives and the early exercise behavior, the average expected life of the options granted was estimated to be 6.61 years. The early exercise behavior assumes that option holders will exercise the options when the share price is at least 75% higher than the exercise price.

On 1 June 2006, 4,500,000 share options under the Scheme were granted. The average fair value of options granted as calculated by Watson Wyatt Hong Kong Limited, based on the binomial model, was HK$1.554 or an aggregate value of US$0.9 million for all options granted. The assumptions used were as follows:

Share price at the date of grant	HK$3.25
Exercise price	HK$3.275
Expected volatility (based on historical volatility of the Company's shares commensurate with the average expected life of the options granted)	50%
Option life	10 years
Expected dividend yield	1% per annum
Average risk-free interest rate (based on the Hong Kong Exchange Fund Notes)	4.71% per annum

Taking into account the expected turnover rate of the senior executives and the early exercise behavior, the average expected life of the options granted was estimated to be 6.79 years. The early exercise behavior assumes that option holders will exercise the options when the share price is at least 100% higher than the exercise price.

On 5 September 2007, 121,920,000 share options under the Scheme were granted. The average fair value of options granted as calculated by Watson Wyatt Hong Kong Limited, based on the binomial model, was HK$2.596 or an aggregate value of US$40.6 million for all options granted. The assumptions used were as follows:

Share price at the date of grant	HK$5.33
Exercise price	HK$5.33
Expected volatility (based on historical volatility of the Company's shares commensurate with the average expected life of the options granted)	45%
Option life	10 years
Expected dividend yield	1% per annum
Average risk-free interest rate (based on the Hong Kong Exchange Fund Notes)	4.40% per annum

Taking into account the expected turnover rate of the Directors and senior executives and the early exercise behavior, the average expected life of the options granted was estimated to be 7.60 years. The early exercise behavior assumes that option holders will exercise the options when the share price is at least 150% higher than the exercise price.

The binomial model, applied for determining the estimated values of the share options granted under the Scheme, was developed for use in estimating the fair value of the traded options that are fully transferable. Such an option pricing model requires input of highly subjective assumptions, including the expected stock price volatility. As the Company's share options have characteristics significantly different from those of the traded options, changes in the subjective input assumptions can materially affect the estimated value of the options granted.

Details of the Group's accounting policy in respect of the share options granted are set out in Note 2(D)(r)(III) to the Financial Statements.

(b) *Particulars of MPIC's Share Option Scheme*

On 14 June 2007, the shareholders of MPIC approved a share option scheme under which MPIC's directors may, at their discretion, invite executives of MPIC upon the regularization of employment of eligible executives, to take up share options of MPIC to obtain an ownership interest in MPIC and for the purpose of long-term employment motivation. The scheme became effective on 14 June 2007 and is valid for 10 years.

The maximum number of shares on which options may be granted under the scheme may not exceed 10% of the issued share capital of MPIC as at the date on which the MPIC's share option scheme is adopted. The aggregate number of shares which may be issued upon exercise of the options granted and to be granted to any eligible participant (whether or not already an option holder) in any 12-month period shall not exceed 1% of the shares in issue at the relevant time.

The exercise price in relation to each option granted under the scheme shall be determined by MPIC's directors at their absolute discretion, but in any event shall not be less than (i) the closing price of MPIC's shares for one or more board lots of such MPIC's shares on the Philippine Stock Exchange (PSE) on the option grant date; (ii) the average closing price of MPIC's share for one or more board lots of such MPIC's shares on the PSE for the five business days on which dealings in the MPIC's shares are made immediately preceding the option grant date; or (iii) the par value of the MPIC's shares, whichever is higher.

At a special shareholders' meetings of MPIC held on 20 February 2009, MPIC's shareholders approved the amendments to MPIC's share options scheme which include (i) a refreshment of the number of MPIC options that may be granted to take into account of the increase in the capital stock of MPIC or other changes to its capital structure which has either been approved by the shareholders, implemented, in process, or which may potentially be approved or implemented in the future and (ii) the inclusion in MPIC's share option plan of a requirement for MPIC to comply with relevant corporate requirements and regulations applicable to MPIC's parent company.

Up to 25 March 2009, no share options have been granted under the scheme.

38. RELATED PARTY TRANSACTIONS

Significant related party transactions entered into by the Group during the year are disclosed as follows:

(A) In January 2007, the Company (i) advanced US$76.0 million to DMWC and (ii) subscribed for US$20.0 million convertible notes issued by DMWC for the purpose of funding DMWC's acquisition of Maynilad. The convertible notes issued by DMWC have a maturity period of three years and can be converted into DMWC's common shares at their par value of Peso 1 per DMWC's common share during the terms of the notes. In May 2008, DMWC repaid the US$76.0 million advance, together with interest.

(B) On 28 July 2008, SIMP, a subsidiary company of Indofood, completed its subscription of a 60.0% interest in LPI, a company originally owned by the Chairman of the Company, for a total consideration of Rupiah 375 billion (US$41.0 million). Details of the subscription are set out in Note 34(A) to the Financial Statements.

(C) ALBV has a technical assistance agreement with Smart for ALBV to provide Smart with technical support services and assistance in the operations and maintenance of cellular mobile telecommunication services for a period of four years from 23 February 2004, subject to renewal upon mutual agreement between the parties. The agreement expired on 23 February 2008 and was renewed for a period of four years to 23 February 2012. The agreement provides for payments of technical service fees equivalent to 1% (2007: 1%) of the consolidated net revenue of Smart.

The fee under the above arrangement amounted to Pesos 630 million (US$14.1 million) for the year ended 31 December 2008 (2007: Pesos 656 million or US$13.7 million). At 31 December 2008, the outstanding prepaid technical service fee amounted to Pesos 8 million (US$0.2 million) (2007: Pesos 87 million or US$1.7 million).

(D) In November 2008, SIMP entered into two agreements with Lyminton Pte. Ltd and PT Mulia Abadi Lestari to acquire the remaining minority shareholding of approximately 30% of PT Sarana Inti Pramata and PT Mitra Inti Sejati Plantation for the consideration of US$16.4 million and Rupiah 28.5 billion (approximately US$2.3 million), respectively. These transactions also constitute connected transactions as defined in Chapter 14A of the Listing Rules.

(E) In the ordinary course of business, Indofood has engaged in trade transactions with certain of its associated companies, joint ventures and affiliated companies, the majority of which are related to the Salim Family either through direct and/or common share ownership and common management. Mr. Anthoni Salim is the Chairman and a substantial shareholder of the Company and is the President Director and Chief Executive Officer of Indofood.

All significant transactions with related parties, whether or not conducted under normal terms and conditions similar to those with non-related parties, are disclosed as follows:

Nature of transactions **For the year ended 31 December** *US$ millions*	**Consolidated** **2008**	 **2007**
Profit and Loss Items		
Sales of finished goods		
– to associated companies and joint ventures	24.5	28.1
– to affiliated companies	60.8	48.6
Purchases of raw materials		
– from associated companies and joint ventures	41.5	43.2
– from affiliated companies	14.0	8.8
Management and technical services fee income and royalty income		
– from associated companies and joint ventures	0.9	0.9
– from affiliated companies	7.5	4.6
Insurance expenses		
– to affiliated companies	2.8	2.7
Rental expenses		
– to affiliated companies	1.2	1.3
Transportation and pump services expenses		
– to affiliated companies	0.4	0.3

Approximately 2% (2007: 3%) of Indofood's sales and 2% (2007: 3%) of its purchases were transacted with these related companies.

Nature of balance **At 31 December** *US$ million*	**Consolidated** **2008**	 **2007**
Balance Sheet Items		
Accounts receivable – trade		
– from associated companies and joint ventures	2.6	3.4
– from affiliated companies	13.3	8.7
Accounts receivable – non-trade		
– from associated companies and joint ventures	0.4	0.2
– from affiliated companies	8.3	8.8
Accounts payable – trade		
– to associated companies and joint ventures	3.6	6.3
– to affiliated companies	2.3	1.2
Accounts payable – non-trade		
– to affiliated companies	19.2	5.9
Other payables – non-trade		
– to affiliated companies	–	5.8

Certain of the above Indofood's related party transactions also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

(F) Maynilad has entered into various construction contracts with DMCI group for the amounts totaling US$21.9 million for the latter's construction of water infrastructure for Maynilad. These related party transactions also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

39. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amount of each of the categories of financial instruments as at the balance sheet date are as follows:

	Consolidated						
	2008			2007			
US$ millions	**Loans sale and receivables**	**Available-for-sale financial assets**	**Total**	**Financial assets at fair value through profit or loss**	**Loans and receivables**	**Available-for-financial assets**	**Total**
Loans to associated companies and a joint venture	–	–	–	–	102.2	–	102.2
Accounts and other receivables (Non-current)	3.0	–	3.0	–	37.0	–	37.0
Available-for-sale assets (Non-current)	–	1.7	1.7	–	–	6.0	6.0
Financial assets at fair value through profit or loss	–	–	–	79.8	–	–	79.8
Other non-current assets	60.6	–	60.6	–	36.8	–	36.8
Cash and cash equivalents	625.9	–	625.9	–	600.8	–	600.8
Pledged deposits	12.0	–	12.0	–	–	–	–
Available-for-sale assets (Current)	–	56.9	56.9	–	–	24.1	24.1
Accounts and other receivables (Current)	375.7	–	375.7	–	327.1	–	327.1
Total	1,077.2	58.6	1,135.8	79.8	1,103.9	30.1	1,213.8

	Consolidated			
	2008	2007		
US$ millions	**Financial liabilities at amortized cost**	**Financial liabilities at amortized cost**	**Financial liabilities at fair value**	**Total**
Accounts payable, other payables and accruals	667.4	485.6	–	485.6
Short-term borrowings	1,207.0	1,000.1	–	1,000.1
Current portion of deferred liabilities and provisions	18.9	–	–	–
Long-term borrowings	1,951.7	1,044.5	–	1,044.5
Deferred liabilities and provisions	140.3	–	–	–
Derivative liability	–	–	6.3	6.3
Total	3,985.3	2,530.2	6.3	2,536.5

	Company	
	2008	2007
US$ millions	Loans and receivables	Loans and receivables
Loans to a joint venture	–	104.3
Cash and cash equivalents	45.9	106.3
Amounts due from subsidiary companies	1,889.5	1,781.8
Other receivables (Current)	0.1	0.2
Total	1,935.5	1,992.6

	Company	
	2008	2007
US$ millions	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Amounts due to subsidiary companies	832.6	814.5
Other payables and accruals	0.6	0.6
Loans from subsidiary companies	540.2	540.9
Total	1,373.4	1,356.0

40. CAPITAL AND FINANCIAL RISK MANAGEMENT

(A) Capital Management

The primary objectives of the Group's capital management is to safeguard the Group's ability to continue as a going concern and ensure that it maintains an optimal capital structure for supporting the stability and growth of its business and maximizing shareholder value.

The Group manages its capital structure, and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2008 and 31 December 2007.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity. The Group's policy is to keep the gearing ratio at an optimal level which supports its business. The Group includes within net debt, short-term borrowings and long-term borrowings, less cash and cash equivalents and pledged deposits. The total equity includes equity attributable to equity holders of the parent and minority interest.

	Consolidated	
US$ millions	**2008**	**2007** (Restated)
Short-term borrowings	1,207.0	1,000.1
Long-term borrowings	1,951.7	1,044.5
Less cash and cash equivalents	(625.9)	(600.8)
Less pledged deposits	(12.0)	–
Net debt	2,520.8	1,443.8
Equity attributable to equity holders of the parent	1,130.1	1,131.3
Minority interest	1,245.1	991.7
Total equity	2,375.2	2,123.0
Gearing ratio (times)	1.06	0.68

(B) Financial Risk Management

The Group's principal financial instruments include the various financial assets (which comprise accounts receivables, other receivables and prepayments, available-for-sale assets, cash and cash equivalents, pledged deposits and financial assets at fair value through profit or loss) and financial liabilities (which comprise accounts payable, other payables and accruals, short-term borrowings, long-term borrowings, deferred liabilities and provisions and derivative liability). The main purpose of the cash and cash equivalents, and short-term and long-term borrowings is to finance the Group's operations. The other financial assets and liabilities, such as accounts receivable and accounts payable, mainly arise directly from its operations.

The Group also enters into derivative transactions, including principally foreign exchange contracts and interest rate swap. The purpose is to manage the currency and interest rate risks arising from the Group's sources of finance and its operations.

It is, and has been, throughout the year, the Group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Group's financial instruments are market risk (including currency risk and price risk), credit risk, liquidity risk and fair value and cash flow interest rate risk. The Company's Board of Directors reviews and agrees policies for managing each of these risks and they are summarized below. The Group's accounting policies in relation to derivatives are set out in Note 2(D)(u) to the Financial Statements.

(a) Market Risk

(I) Currency Risk

To manage the Group's foreign exchange risk arising from future commercial transactions, recognized assets and liabilities, and improve investment and cash flow planning, in addition to natural hedges, the Group enters into and engages in foreign exchange contracts for the purpose of managing its foreign exchange rate exposures emanating from business, transaction specific, as well as currency translation risks and reducing and/or managing the adverse impact of changes in foreign exchange rates on the Group's operating results and cash flows. However, some of the aforementioned derivative instruments of the Group do not qualify as effective hedges and therefore are not designated as cash flow hedges for accounting purposes in accordance with the provisions of HKAS 39.

The following table demonstrates the sensitivity arising from the Group's financial assets and liabilities at the balance sheet date to a reasonably possible change in the exchange rates of Rupiah and Peso, with all other variables held constant, of the Group's profit attributable to equity holders of the parent and retained earnings (due mainly to foreign exchange gains/losses on translation of the U.S. dollar denominated financial assets and liabilities). There is no significant impact on the other components of the Group's equity.

	2008		2007	
US$ millions	Depreciation against the U.S. dollar (%)	Effect on profit attributable to equity holders of the parent and retained earnings	Depreciation against the U.S. dollar (%)	Effect on profit attributable to equity holders of the parent and retained earnings
Rupiah	(5.4)	(11.4)	(0.9)	(0.3)
Peso	(4.0)	(2.4)	(3.0)	–

(II) Price Risk

The Group's price risk principally relates to the changes in the market value of its equity investments.

(b) Credit Risk

For the consumer food products business, the Group has credit risk arising from the credit given to the customers, but it has policies in place to ensure that wholesales of products are made to creditworthy customers with an appropriate credit history. The Group has policies that limit the amount of credit exposure to any particular customer, such as requiring sub-distributors to provide bank guarantees. For the water business, the Group allows 60 days of credit to its customers. For the toll road business, the Group collects its toll fees through TMC by cash, prepaid and reloadable electronic toll collection devices and through credit card payments. In addition, receivable balances are monitored on an ongoing basis to reduce the Group's exposure to bad debts.

With respect to credit risk arising from the Group's other financial assets, which include cash and cash equivalents and certain investments in debt securities classified as available-for-sale assets, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments and the unrealized losses on available-for-sale assets charged directly to the Group's equity.

The Group has no significant concentrations of credit risk.

(c) Liquidity Risk

The Group manages its liquidity profile to be able to finance its capital expenditure and service its maturing debts by maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities.

The Group regularly evaluates its projected and actual cash flow information and continuously assesses conditions in the financial markets for opportunities to pursue fund-raising initiatives. These initiatives may include bank loans, and debt capital and equity capital issues.

The maturity profile of the Group's financial liabilities at 31 December 2008 based on contractual undiscounted payments, including future interest payments, is as follows.

US$ millions	Accounts payable, other payables and accruals 2008	Accounts payable, other payables and accruals 2007	Borrowings 2008	Borrowings 2007	Deferred liabilities and provisions 2008	Deferred liabilities and provisions 2007	Derivative liability 2008	Derivative liability 2007	Consolidated 2008	Consolidated 2007
Not exceeding one year	667.4	485.6	1,509.4	1,195.6	30.0	–	–	–	2,206.8	1,681.2
More than one year but not exceeding two years	–	–	298.9	270.2	24.5	–	–	–	323.4	270.2
More than two years but not exceeding five years	–	–	1,851.5	1,086.8	58.0	–	–	6.3	1,909.5	1,093.1
More than five years	–	–	692.2	56.9	77.1	–	–	–	769.3	56.9
Total	667.4	485.6	4,352.0	2,609.5	189.6	–	–	6.3	5,209.0	3,101.4

(d) *Fair Value and Cash Flow Interest Rate Risks*

The Group's interest rate risk arises from interest-bearing borrowings, cash and cash equivalents and pledged deposits. Borrowings and cash and cash equivalents with variable interest rate terms expose the Group to cash flow interest rate risk. Borrowings and cash and cash equivalents with fixed interest rate terms expose the Group to fair value interest rate risk. At 31 December 2008, 21.5% (2007: 24.1%) of the Group's borrowings were at fixed rates.

The following table demonstrates the sensitivity arising from the Group's financial assets and liabilities at the balance sheet date to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit attributable to equity holders of the parent and retained earnings (through the impact on variable rate borrowings and cash and cash equivalents). There is no significant impact on the other components of the Group's equity.

US$ millions	2008 Increase/ (decrease) (Basis points)	2008 Effect on profit attributable to equity holders of the parent and retained earnings	2007 Increase/ (decrease) (Basis points)	2007 Effect on profit attributable to equity holders of the parent and retained earnings
Interest rates for				
– U.S. dollar	50	(4.8)	(300)	16.6
– Rupiah	(300)	0.4	(50)	0.6
– Peso	(300)	5.1	100	(0.2)

41. COMPARATIVE AMOUNTS

As explained in Note 2(B) to the Financial Statements, due to the adoption of HK(IFRIC)-Int 12 during the year, the accounting treatment and presentation of certain items and balances have been revised to comply with such changes. During the year, the Group also changed its classification of the changes in fair value of plantations from cost of sales to other operating expenses/income to better reflect the non-operational nature of such an item. Accordingly, certain comparative amounts have been reclassified and restated to conform with the current year's presentation and accounting treatments. In addition, the comparative profit and loss statement has been re-presented as if the operation discontinued during the current year had been discontinued at the beginning of the comparative year (Note 8).

42. APPROVAL OF THE FINANCIAL STATEMENTS

The Financial Statements were approved and authorized for issue by the Board of Directors on 25 March 2009.

SUMMARY OF PRINCIPAL INVESTMENTS

Philippine Long Distance Telephone Company

PLDT (PSE: TEL; NYSE: PHI) is the leading telecommunications service provider in the Philippines. It has common shares listed on the Philippine Stock Exchange and American Depositary Receipts (ADRs) listed on the New York Stock Exchange. It has one of the largest market capitalizations among Philippine listed companies. Through its three principal business groups, PLDT offers a wide range of telecommunications services: Wireless (principally through wholly-owned subsidiary company, Smart Communications, Inc.); Fixed Line (principally through PLDT); and Information and Communications Technology (principally through wholly-owned subsidiary company, ePLDT). PLDT has developed the Philippines' most extensive fiber optic backbone, cellular, fixed line and satellite networks.

Sector	:	Telecommunications
Place of incorporation/business area	:	The Philippines
Issued number of shares	:	187.5 million
Particulars of issued shares held	:	Common shares of Pesos 5 par value
Economic interest	:	26.4%

Further information on PLDT can be found at www.pldt.com

Metro Pacific Investments Corporation

MPIC (PSE: MPI) is a publicly-listed investment and management company based in the Philippines with holdings in infrastructure, utilities and healthcare enterprises.

Sector	:	Infrastructure, Utilities and Healthcare
Place of incorporation/business area	:	The Philippines
Issued number of shares	:	7.0 billion
Particulars of issued shares held	:	Common shares of Peso 1 par value
Economic interest	:	97.3%

Further information on MPIC can be found at www.mpic.com.ph

PT Indofood Sukses Makmur Tbk

Indofood (IDX: INDF) is a "Total Food Solutions" company engaged in food manufacturing, processing, marketing and distribution. It is based in Jakarta and is listed on the Indonesia Stock Exchange. Through its four complementary strategic business groups, Indofood offers and distributes a wide range of food products throughout Indonesia: Consumer Branded Products (noodles, dairy, food seasonings, snack foods and nutrition and special foods), Bogasari (flour and pasta), Agribusiness (oil palm, rubber, sugar cane, cocoa and tea plantations, cooking oils, margarine and shortening) and Distribution. Indofood is one of the world's largest instant noodle manufacturers by volume, plantation companies by hectarage 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 Indonesia.

Sector	:	Consumer Food Products
Place of incorporation/business area	:	Indonesia
Issued number of shares	:	8.8 billion
Particulars of issued shares held	:	Shares of Rupiah 100 par value
Economic interest	:	50.1%

Further information on Indofood can be found at www.indofood.co.id

Philex Mining Corporation

Philex (PSE: PX) is a Philippine listed company engaged in exploration, development and utilization of mineral resources.

Sector	:	Natural Resources
Place of incorporation/business area	:	The Philippines
Issued number of shares	:	3.9 billion
Particulars of issued shares held	:	Common shares of Peso 1 par value
Economic interest	:	20.1%

Further information on Philex can be found at www.philexmining.com.ph

3. UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

The following are the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2009 together with the accompanying notes as extracted from the interim report of the Company for the six months ended 30 June 2009.

Condensed Consolidated Income Statement

For the six months ended 30 June *US$ millions*	*Notes*	**(Unaudited) 2009**	**2008** (Restated)[i]
Turnover	2	1,809.1	2,044.8
Cost of sales		(1,279.8)	(1,503.6)
Gross Profit		529.3	541.2
Gain on divestments and dilutions		–	9.8
Distribution costs		(137.8)	(165.7)
Administrative expenses		(138.5)	(113.0)
Other operating income, net		96.9	81.2
Net borrowing costs	3	(110.7)	(60.6)
Share of profits less losses of associated companies and joint ventures		114.1	113.6
Profit Before Taxation	4	353.3	406.5
Taxation	5	(52.7)	(103.3)
Profit for the Period from Continuing Operations		300.6	303.2
Profit for the period from a discontinued operation	6	2.7	2.3
Profit for the Period		303.3	305.5
Attributable to:			
Owners of the parent	7	164.3	156.8
Minority interest		139.0	148.7
		303.3	305.5
Ordinary Share Dividend	8		
U.S. 0.51 cent (2008: U.S. 0.38 cent) per share		16.5	12.3
Earnings Per Share Attributable to Owners of the Parent (U.S. cents)	9		
Basic			
– For profit from continuing operations		5.01	4.81
– For profit from a discontinued operation		0.10	0.05
– For profit for the period		5.11	4.86
Diluted			
– For profit from continuing operations		4.95	4.62
– For profit from a discontinued operation		0.10	0.04
– For profit for the period		5.05	4.66

(i) Refer to Note 21

The accompanying notes form an integral part of these Condensed Interim Financial Statements.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June *US$ millions*	(Unaudited) 2009	2008
Profit for the Period	303.3	305.5
Other Comprehensive Income/(Loss)		
Exchange differences on translating foreign operations	89.6	(35.5)
Realized exchange reserve upon divestment and dilution of interest in an associated company	–	(0.3)
Unrealized gains/(losses) on available-for-sale assets	28.3	(5.6)
Realized gains on available-for-sale assets	–	(0.1)
Realized losses on cash flow hedges	0.7	–
Unrealized losses on cash flow hedges	(2.1)	(7.5)
Income tax related to cash flow hedges	0.1	–
Share of revaluation increment of an associated company's assets	5.0	–
Other comprehensive income/(loss) for the period, net of tax	121.6	(49.0)
Total Comprehensive Income for the Period	424.9	256.5
Attributable to:		
Owners of the parent	214.0	94.5
Minority interest	210.9	162.0
	424.9	256.5

The accompanying notes form an integral part of these Condensed Interim Financial Statements.

Condensed Consolidated Statement of Financial Position

US$ millions	*Notes*	**(Unaudited) At 30 June 2009**	**(Audited) At 31 December 2008**
Non-current Assets			
Property, plant and equipment	10	934.5	808.4
Plantations		889.4	744.5
Associated companies and joint ventures	11	1,184.8	1,202.3
Goodwill		718.5	675.6
Other intangible assets	12	1,546.7	1,538.5
Accounts receivable, other receivables and prepayments		4.3	3.0
Prepaid land premiums		160.7	153.2
Available-for-sale assets		91.5	1.7
Deferred tax assets		46.2	38.7
Other non-current assets		270.2	217.1
		5,846.8	5,383.0
Current Assets			
Cash and cash equivalents		616.5	625.9
Pledged deposits and restricted cash	13	30.8	12.0
Available-for-sale assets		55.7	56.9
Accounts receivable, other receivables and prepayments	14	408.3	435.5
Inventories		602.9	557.4
Assets held for sale		8.4	–
		1,722.6	1,687.7
Assets of a disposal group classified as held for sale	6	–	128.3
		1,722.6	1,816.0

US$ millions	*Notes*	**(Unaudited) At 30 June 2009**	**(Audited) At 31 December 2008**
Current Liabilities			
Accounts payable, other payables and accruals	15	631.5	667.4
Short-term borrowings		1,068.2	1,207.0
Provision for taxation		23.4	55.8
Current portion of deferred liabilities and provisions	16	81.6	39.4
		1,804.7	1,969.6
Liabilities directly associated with the assets classified as held for sale	6	–	106.1
		1,804.7	2,075.7
Net Current Liabilities		(82.1)	(259.7)
Total Assets Less Current Liabilities		5,764.7	5,123.3
Equity			
Issued share capital		32.2	32.1
Retained earnings		335.6	196.0
Other components of equity		959.2	902.0
Equity attributable to owners of the parent		1,327.0	1,130.1
Minority interest		1,410.1	1,245.1
Total Equity		2,737.1	2,375.2
Non-current Liabilities			
Long-term borrowings		2,256.5	1,951.7
Deferred liabilities and provisions	16	405.1	432.4
Deferred tax liabilities		366.0	364.0
		3,027.6	2,748.1
		5,764.7	5,123.3

The accompanying notes form an integral part of these Condensed Interim Financial Statements.

On behalf of the Board of Directors

MANUEL V. PANGILINAN
Managing Director and Cheif Executive Officer

4 September 2009

Condensed Consolidated Statement of Changes in Equity

US$ millions	Equity attributable to owners of the parent											
	Issued share capital	Share premium	Share options issued	Exchange reserve	Unrealized gains/ (losses) on available-for -sale assets	Unrealized gains/ (losses) on cash flow hedges	Income tax related to cash flow hedges	Capital and other reserves	Retained earnings	Total	Minority interest	(Unaudited) Total equity
Balance at 1 January 2008	32.2	971.7	17.6	44.1	10.3	11.0	(3.7)	(2.3)	55.6	1,136.5	992.6	2,129.1
Total comprehensive income for the period	–	–	–	(51.8)	(3.0)	(11.1)	3.6	–	156.8	94.5	162.0	256.5
Issue of shares upon the exercise of share options	0.1	2.4	(0.9)	–	–	–	–	–	–	1.6	–	1.6
Repurchase and cancellation of shares	(0.1)	–	–	–	–	–	–	0.1	(4.3)	(4.3)	–	(4.3)
Equity-settled share option arrangements	–	–	11.1	–	–	–	–	–	–	11.1	–	11.1
2007 special and final dividends paid	–	–	–	–	–	–	–	–	(32.9)	(32.9)	–	(32.9)
Dividends declared to minority shareholders	–	–	–	–	–	–	–	–	–	–	(19.2)	(19.2)
Balance at 30 June 2008	32.2	974.1	27.8	(7.7)	7.3	(0.1)	(0.1)	(2.2)	175.2	1,206.5	1,135.4	2,341.9
Balance at 1 January 2009	32.1	974.1	34.7	(116.0)	11.7	2.1	(0.2)	(4.4)	196.0	1,130.1	1,245.1	2,375.2
Total comprehensive income for the period	–	–	–	16.5	29.4	(1.3)	0.1	5.0	164.3	214.0	210.9	424.9
Issue of shares upon the exercise of share options	0.1	1.2	(0.4)	–	–	–	–	–	–	0.9	–	0.9
Equity-settled share option arrangements	–	–	6.8	–	–	–	–	–	–	6.8	–	6.8
2008 final dividend paid	–	–	–	–	–	–	–	–	(24.7)	(24.7)	–	(24.7)
Dividends declared and paid to minority shareholders	–	–	–	–	–	–	–	–	–	–	(32.9)	(32.9)
Acquisition of minority interest	–	–	–	–	–	–	–	–	–	–	(6.6)	(6.6)
Disposal of a disposal group classified as held for sale	–	–	–	–	–	–	–	(0.1)	–	(0.1)	(6.4)	(6.5)
Balance at 30 June 2009	32.2	975.3	41.1	(99.5)	41.1	0.8	(0.1)	0.5	335.6	1,327.0	1,410.1	2,737.1

The accompanying notes form an integral part of these Condensed Interim Financial Statements.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June *US$ millions*	*Notes*	**(Unaudited)** **2009**	**2008** (Restated)[i]
Profit Before Taxation			
From continuing operations		353.3	406.5
From a discontinued operation		1.7	2.8
Adjustments for:			
Interest expenses	3	123.3	79.4
Amortization of other intangible assets	4	44.1	–
Depreciation	4	40.8	42.2
Equity-settled share option expense		5.7	11.1
Recognition of prepaid land premiums	4	2.8	3.2
Share of profits less losses of associated companies and joint ventures		(114.1)	(113.6)
Gain on changes in fair value of plantations	4	(53.8)	(69.8)
Foreign exchange and derivative (gains)/losses, net	4	(32.0)	1.1
Increase in other non-current assets		(30.5)	(14.1)
Interest income	3	(12.6)	(18.8)
Increase in accounts receivables, other receivables and prepayment (Non-current)		(1.1)	(0.1)
Gain on sale of property, plant and equipment	4	(0.3)	(0.5)
Gain on divestment and dilution of interest in an associated company	4	–	(9.8)
Others		7.2	5.5
		334.5	325.1
Increase in working capital[ii]		(141.1)	(153.7)
Net cash generated from operations		193.4	171.4
Interest received		9.0	17.2
Interest paid		(110.1)	(88.2)
Tax paid		(100.9)	(79.1)
Net Cash (Outflow)/Inflow from Operating Activities		(8.6)	21.3

For the six months ended 30 June *US$ millions*	*Notes*	(Unaudited) 2009	2008 (Restated)[i]
Dividend received from associated companies		127.3	140.1
Proceeds from sale of property, plant and equipment		1.4	3.9
Purchase of property, plant and equipment		(111.6)	(55.8)
Acquisition of available-for-sale assets		(59.3)	(36.1)
Investments in other intangible assets		(43.7)	–
Investments in plantations		(32.6)	(38.2)
Investments in associated companies		(15.5)	(11.8)
Increased investments in subsidiary companies		(8.1)	–
(Advances to)/repayment from associated companies, net		(0.1)	1.9
Proceeds from disposal of available-for-sale assets		–	7.2
Loans to a joint venture, net		–	(19.0)
Deposit for acquisition of a subsidiary company		–	(4.1)
Net Cash Outflow from Investing Activities		(142.2)	(11.9)
Net borrowings raised		187.4	200.6
Proceeds from the exercise of share options		0.9	1.6
Increase in time deposits with original maturity of more than three months		(61.3)	–
Dividends paid to shareholders		(24.7)	(32.9)
Increase in restricted cash		(18.8)	–
Dividends paid to minority shareholders by subsidiary companies		(14.2)	–
Share issue expenses of a subsidiary company		(0.3)	–
Repurchase of shares		–	(4.3)
Net Cash Inflow from Financing Activities		69.0	165.0
Net (Decrease)/Increase in Cash and Cash Equivalents		(81.8)	174.4
Cash and cash equivalents at 1 January		625.9	600.8
Exchange translation		11.1	4.7
Cash and Cash Equivalents at 30 June		555.2	779.9
Representing			
Cash and cash equivalents		616.5	779.9
Less time deposits with original maturity of more than three months		(61.3)	–
Cash and Cash Equivalents at 30 June		555.2	779.9

(i) Refer to Note 21

(ii) Changes in working capital are stated excluding movements due to acquisition and disposal of subsidiary companies.

The accompanying notes form an integral part of these Condensed Interim Financial Statements.

Notes to the Condensed Interim Financial Statements

1. BASIS OF PREPARATION AND IMPACT OF NEW AND REVISED HKFRSs

(A) Basis of Preparation

The Condensed Interim Financial Statements have been prepared in accordance with HKAS 34 “Interim Financial Reporting” issued by the HKICPA and the disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the Listing Rules) issued by The Stock Exchange of Hong Kong Limited (SEHK). The Condensed Interim Financial Statements have been prepared on a basis consistent with the accounting policies adopted in the Group’s 2008 audited financial statements.

(B) Impact of New and Revised HKFRSs

Certain changes to Hong Kong GAAP have been implemented during 2009 as a consequence of the following new and revised Hong Kong Financial Reporting Standards (HKFRSs) (which include all HKFRSs, HKASs and Interpretations) issued by the HKICPA:

HKAS 1 (Revised)	“Presentation of Financial Statements”[i]
HKAS 23 (Revised)	“Borrowing Costs”[i]
HKAS 32 and HKAS 1 Amendments	“Puttable Financial Instruments and Obligations Arising on Liquidation”[i]
HKAS 39 Amendments	“Eligible Hedged Items”[ii]
HKFRS 1 and HKAS 27 Amendments	“Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate”[i]
HKFRS 2 Amendments	“Share-based Payment – Vesting Conditions and Cancellations”[i]
HKFRS 7 Amendments	“Financial Instruments: Disclosures”[i]
HKFRS 8	“Operating Segments”[i]
HK(IFRIC)-Int 9 and HKAS39 Amendments	“Reassessment of Embedded Derivatives”[iii]
HK(IFRIC)-Int 13	“Customer Loyalty Programmes”[iv]
HK(IFRIC)-Int 15	“Agreements for the Construction of Real Estate”[i]
HK(IFRIC)-Int 16	“Hedges of a Net Investment in a Foreign Operation”[v]
Annual Improvements to HKFRSs	“Improvements to HKFRSs”[vi]
	“Improvements to HKFRSs 2009”[vii]

(i) Effective for annual periods commencing on or after 1 January 2009
(ii) Effective for annual periods commencing on or after 1 July 2009
(iii) Effective for annual periods ending on or after 30 June 2009
(iv) Effective for annual periods commencing on or after 1 July 2008
(v) Effective for annual periods commencing on or after 1 October 2008
(vi) Generally effective for annual periods commencing on or after 1 January 2009, unless otherwise stated in the specific HKFRSs
(vii) Generally effective for annual periods commencing on or after 1 January 2010, unless otherwise stated in the specific HKFRSs

The adoption of the above pronouncements has had no effect on both the profit attributable to owners of the parent for the periods ended 30 June 2009 and 30 June 2008 and equity attributable to owners of the parent at 30 June 2009 and 31 December 2008, but only results in certain changes in the financial statements presentation and disclosures.

2. TURNOVER AND SEGMENTAL INFORMATION

For the six months ended 30 June	**2009**	**2008**
US$ millions		(Restated)
Turnover		
Sale of goods	1,624.3	2,003.8
Rendering of services	184.8	41.0
Total	1,809.1	2,044.8

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group), whose operating results is regularly reviewed by the Group's chief operating decision maker who makes decisions about how resources are to be allocated to the segment and assesses its performance, and for which discrete financial information is available to him.

The Board of Directors considers the business from both product or service and geographical perspective. From a product or service perspective, the Group business interests are divided into four main segments, which are telecommunications, infrastructure, consumer food products and natural resources. Geographically, the Board of Directors considers the businesses of the Group are operating in the Philippines and Indonesia, respectively. Details of the Group's principal investments are provided on pages 150 to 151.

The Board of Directors assesses the performance of the operating segments based on a measure of recurring profit. This measurement basis measures the profit attributable to owners of the parent excluding the effects of foreign exchange and derivative gains/losses, gain/loss on changes in fair value of plantations and non-recurring items. Non-recurring items represent certain items, through occurrence or size, which are not considered as usual operating items.

The revenue, results, total assets, total liabilities and other information regarding the Group's reportable businesses for the six months ended 30 June 2009 and 2008 and at 30 June 2009 and 31 December 2008 are as follows.

By Principal Business Activity – 2009

For the six months ended/at 30 June *US$ millions*	The Philippines Telecom-munications	Infrastructure	Natural Resources	Indonesia Consumer Food Products	Head Office	2009 Total
Revenue						
Turnover	–	156.2	–	1,652.9	–	1,809.1
Results						
Recurring profit	102.9	14.6	2.1	31.8	(23.9)	127.5
Assets and Liabilities						
Associated companies and joint ventures	1,007.0	54.9	116.1	3.1	3.7	1,184.8
Other assets	–	1,765.2	–	4,450.1	169.3	6,384.6
Total assets	1,007.0	1,820.1	116.1	4,453.2	173.0	7,569.4
Borrowings	–	672.3	–	1,872.0	780.4	3,324.7
Other liabilities	–	534.8	–	876.7	96.1	1,507.6
Total liabilities	–	1,207.1	–	2,748.7	876.5	4,832.3
Other Information						
Depreciation and amortization	–	(37.3)	–	(47.4)	(0.2)	(84.9)
Interest income	–	5.4	–	6.4	0.8	12.6
Interest expenses	–	(38.9)	–	(72.0)	(12.4)	(123.3)
Share of profits less losses of associated companies and joint ventures	107.1	3.1	3.9	–	–	114.1
Taxation	–	23.2	–	(69.5)	(6.4)	(52.7)
Additions to non-current assets (other than financial instruments and deferred tax assets)	–	53.5	–	186.8	–	240.3

By Principal Business Activity – 2008

For the six months ended at 30 June/ at 31 December *US$ millions*	The Philippines Telecom-munications	Infrastructure	Natural Resources	Indonesia Consumer Food Products	Head Office	2008 (Restated) Total
Revenue						
Turnover	–	–	–	2,044.8	–	2,044.8
Results						
Recurring profit	106.9	1.1	–	50.6	(32.1)	126.5
Assets and Liabilities						
Associated companies and joint ventures	1,040.5	48.0	95.1	15.4	3.3	1,202.3
Other assets	–	1,940.6	–	4,039.9	16.2	5,996.7
Total assets	1,040.5	1,988.6	95.1	4,055.3	19.5	7,199.0
Borrowings	–	677.7	–	1,696.6	784.4	3,158.7
Other liabilities	–	745.0	–	862.7	57.4	1,665.1
Total liabilities	–	1,422.7	–	2,559.3	841.8	4,823.8
Other Information						
Depreciation and amortization	–	(0.5)	–	(41.4)	(0.3)	(42.2)
Interest income	–	4.6	–	8.0	6.2	18.8
Interest expenses	–	(4.6)	–	(54.8)	(20.0)	(79.4)
Share of profits less losses of associated companies and joint ventures	117.8	(3.9)	–	(0.3)	–	113.6
Taxation	–	3.1	–	(101.3)	(5.1)	(103.3)
Additions to non-current assets (other than financial instruments and deferred tax assets)	–	1.0	–	108.7	–	109.7

A reconciliation between profit before taxation as shown in the condensed consolidated income statement and recurring profit is as follows.

For the six months ended 30 June *US$ millions*	**2009**	**2008** (Restated)
Profit before taxation		
– Continuing operations	353.3	406.5
– A discontinued operation	1.7	2.8
Exclusion of:		
– Foreign exchange and derivative (gains)/losses *(Note 7)*	(23.2)	2.4
– Gain on changes in fair value of plantations *(Note 4)*	(53.8)	(69.8)
– Non-recurring items	(14.9)	(17.5)
Deduction of attributable taxation and minority interest	(135.6)	(197.9)
Recurring profit	127.5	126.5

3. NET BORROWING COSTS

For the six months ended 30 June *US$ millions*	2009	2008 (Restated)
Bank loans and other loans		
– Wholly repayable within five years	99.2	76.8
– Not wholly repayable within five years	24.3	2.6
Less borrowing costs capitalized in other intangible assets	(0.2)	–
Total Borrowing Costs	123.3	79.4
Less interest income	(12.6)	(18.8)
Net Borrowing Costs	110.7	60.6

4. PROFIT BEFORE TAXATION

For the six months ended 30 June *US$ millions*	2009	2008
Profit Before Taxation is Stated after (Charging)/Crediting [(i)]		
Cost of inventories sold	(750.8)	(1,212.6)
Employee remuneration	(182.7)	(182.0)
Cost of services rendered	(94.1)	(19.7)
Amortization of other intangible assets	(44.1)	–
Depreciation *(Note 10)*	(40.8)	(42.2)
Impairment losses for accounts receivable [(ii)]	(3.9)	(4.6)
Recognition of prepaid land premiums	(2.8)	(3.2)
Gain on changes in fair value of plantations	53.8	69.8
Foreign exchange and derivative gains/(losses), net *(Note 7)*	32.0	(1.1)
Gain on sale of property, plant and equipment	0.3	0.5
Gain on divestment and dilution of interest in an associated company	–	9.8
Realized gains on sale of available-for-sale assets	–	0.1

(i) Include amounts (charged)/credited in respect of a discontinued operation

(ii) Included in distribution costs

5. TAXATION

No Hong Kong profits tax (2008: Nil) has been provided as the Group had no estimated assessable profits (2008: Nil) in Hong Kong for the period. Taxation on assessable profits generated outside Hong Kong has been provided at the rates of taxation prevailing in the countries in which the Company's subsidiary companies operate.

For the six months ended 30 June *US$ millions*	2009	2008 (Restated)
Subsidiary Companies – Overseas		
Current taxation	61.0	87.6
Deferred taxation	(8.3)	15.7
Total	52.7	103.3

Included within share of profits less losses of associated companies and joint ventures is taxation of US$45.5 million (2008: US$77.1 million) and which is analyzed as follows.

For the six months ended 30 June *US$ millions*	**2009**	**2008**
Associated Companies and Joint Ventures – Overseas		
Current taxation	42.2	46.5
Deferred taxation	3.3	30.6
Total	45.5	77.1

6. A DISCONTINUED OPERATION

Following a strategic review of MPIC's businesses which focus on core infrastructure, MPIC's directors decided in late 2008 to divest part of its interest in the property business, Landco Pacific Corporation (Landco), which was operated by MPIC. As at 31 December 2008, the Group's investment in Landco was classified as a disposal group held for sale. In June 2009, MPIC disposed 17.0% interest in Landco for Pesos 203 million (US$4.2 million), thereby reducing its interest in Landco from 51.0% to 34.0%. Following this transaction, the Group's remaining 34.0% interest in Landco was classified as non-current assets held for sale.

7. PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

The profit attributable to owners of the parent includes US$3.3 million of net foreign exchange and derivative gains (2008: losses of US$4.8 million) on foreign exchange translation differences on the Group's unhedged foreign currency denominated borrowings and payables and the changes in the fair values of derivatives, US$8.4 million (2008: US$12.7 million) of gain on changes in fair value of plantations and US$25.1 million (2008: US$22.4 million) of net non-recurring gains.

Analysis of Foreign Exchange and Derivative Gains/(Losses)

For the six months ended 30 June *US$ millions*	**2009**	**2008**
Foreign exchange and derivative gains/(losses)		
– Subsidiary companies *(Note 4)*	32.0	(1.1)
– Associated companies and joint ventures	(8.8)	(1.3)
Subtotal	23.2	(2.4)
Attributable to taxation and minority interest	(19.9)	(2.4)
Total	3.3	(4.8)

The non-recurring gains of US$25.1 million for 2009 mainly represent Maynilad's reversal of provision for deferred credits following a resolution of new tariff rates with the regulator. The non-recurring gains of US$22.4 million for 2008 mainly comprise a gain on divestment and dilution of the Group's interest in PLDT of US$9.8 million.

8. ORDINARY SHARE DIVIDEND

At a meeting held on 4 September 2009, the Directors declared an interim cash dividend of U.S. 0.51 cent (2008: U.S. 0.38 cent) per ordinary share.

9. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

The calculation of basic earnings per share is based on the profit for the period attributable to owners of the parent of US$164.3 million (2008: US$156.8 million), and the weighted average number of ordinary shares of 3,214.3 million (2008: 3,226.4 million) in issue during the period.

The calculation of diluted earnings per share is based on: (i) the profit for the period attributable to owners of the parent of US$164.3 million (2008: US$156.8 million) reduced by the dilutive impact of (a) US$0.1 million (2008: US$0.1 million) in respect of the exercise of share options issued by its associated companies and (b) nil (2008: US$3.4 million) in respect of the convertible notes issued by its previous joint venture DMWC (which became a subsidiary company since July 2008) and (ii) a share base equal to the aggregate of the weighted average number of ordinary shares of 3,214.3 million (2008: 3,226.4 million) in issue during the period (as used in the basic earnings per share calculation) and the weighted average number of ordinary shares of 37.6 million (2008: 59.9 million) assumed to have been issued at no consideration on the deemed exercise of all share options of the Company during the period.

The impact upon full conversion of the MPIC's share options has not been taken into account in calculating the diluted earnings per share because their anti-dilutive effect on the basic earnings per share for the period would actually increase the earnings per share.

10. PROPERTY, PLANT AND EQUIPMENT

The movements in property, plant and equipment are set out below.

US$ millions	**2009**	**2008**
At 1 January	808.4	784.1
Exchange translation	56.3	15.8
Additions	111.6	55.8
Depreciation *(Note 4)*	(40.8)	(42.2)
Disposals	(1.0)	(3.4)
At 30 June	934.5	810.1

11. ASSOCIATED COMPANIES AND JOINT VENTURES

US$ millions	**At 30 June 2009**	**At 31 December 2008**
PLDT	1,007.0	1,040.5
Philex	116.1	95.1
MPIC	54.9	48.0
Others	6.8	18.7
Total	1,184.8	1,202.3

12. OTHER INTANGIBLE ASSETS

US$ millions	**At 30 June 2009**	**At 31 December 2008**
Concession assets-Water	840.3	837.9
Concession assets-Tollroad	345.4	354.6
Brands	361.0	346.0
Total	1,546.7	1,538.5

Concession assets-Water represent the concession held by Maynilad for its exclusive right granted by Metropolitan Waterworks and Sewerage System (MWSS) on behalf of the Philippine government to provide water and sewerage services and charge users for the services provided in the area of West Metro Manila during its concession period. Concession assets-Tollroad represent the concession held by Manila North Tollways Corporation (MNTC) for its right, interests and privileges to finance, design, construct, operate and maintain toll roads, toll facilities and other facilities generating toll-related and non-toll related income in respect of the Manila North Expressway (also known as North Luzon Expressway (NLEX)) during its concession period. Brands represent the brands held by PT Indolakto for its various milk-related products.

13. PLEDGED DEPOSITS AND RESTRICTED CASH

At 30 June 2009, the Group had US$12.0 million (31 December 2008: US$12.0 million) of pledged bank deposits and US$18.8 million (31 December 2008: Nil) of cash which was restricted as to use.

14. ACCOUNTS RECEIVABLE, OTHER RECEIVABLES AND PREPAYMENTS

Included in accounts receivable, other receivables and prepayments are trade receivables of US$259.5 million (31 December 2008: US$258.1 million) with an ageing profile as below.

US$ millions	**At 30 June 2009**	**At 31 December 2008**
0 to 30 days	209.8	204.3
31 to 60 days	10.0	12.0
61 to 90 days	5.7	6.7
Over 90 days	34.0	35.1
Total	259.5	258.1

Indofood allows export customers 60 days of credit and local customers an average of 30 days of credit. MPIC (a) allows 60 days for credit for its water service customers, (b) collects toll fees through its associated company, Tollways Management Corporation (TMC), by cash, the users' prepaid and reloadable electronic toll collection devices and credit card payment arrangements.

15. ACCOUNTS PAYABLE, OTHER PAYABLES AND ACCRUALS

Included in accounts payable, other payables and accruals are trade payables of US$195.3 million (31 December 2008: US$233.4 million) with an ageing profile as below.

US$ millions	**At 30 June 2009**	**At 31 December 2008**
0 to 30 days	163.9	220.7
31 to 60 days	5.8	8.5
61 to 90 days	1.0	2.6
Over 90 days	24.6	1.6
Total	195.3	233.4

16. DEFERRED LIABILITIES AND PROVISIONS

US$ millions	**Long-term liabilities**	**Pension**	**Others**	**2009 Total**	**2008 Total**
At 1 January	259.7	137.7	74.4	471.8	197.9
Exchange translation	(2.4)	9.7	(0.7)	6.6	3.2
Additions	55.0	16.3	4.3	75.6	21.9
Payment and utilization	(47.5)	(4.9)	(14.9)	(67.3)	(0.7)
At 30 June	264.8	158.8	63.1	486.7	222.3
Presented as:					
Current Portion	64.2	–	17.4	81.6	17.3
Non-current Portion	200.6	158.8	45.7	405.1	205.0
Total	264.8	158.8	63.1	486.7	222.3

The long-term liabilities mainly relate to Maynilad's concession fees payable to MWSS and deferred credits (which represent foreign exchange gains and other payables which will be refunded to the customers and foreign exchange differences arising from retranslation of the portion of Maynilad's foreign currency denominated concession fees payable and loans) and Indofood's accrued liabilities for dismantlement, removal or restoration in relation to property, plant and equipment.

The pension relates to accrued liabilities in relation to retirement schemes and long service payments.

The others mainly relate to MNTC's provision for value added taxes and a restructuring provision. The restructuring provision relates to the restructuring of the Group's shareholding structure in PLDT. The amount of the provision for the restructuring is estimated based on the anticipated transaction costs required to complete the restructuring. The estimation basis is reviewed on an ongoing basis and revised as appropriate.

17. COMMITMENTS AND CONTINGENT LIABILITIES

(A) Capital Expenditure

US$ millions	**At 30 June 2009**	**At 31 December 2008**
Commitments in respect of subsidiary companies:		
Authorized, but not contracted for	207.8	548.2
Contracted, but not provided for	171.7	6.3
Total	379.5	554.5

The Group's capital expenditure commitments principally relate to Indofood's purchase of property, plant and equipment, investments in plantations, and Maynilad's and MNTC's construction of water and toll road infrastructure.

(B) Contingent Liabilities

At 30 June 2009, except for US$56.9 million (31 December 2008: US$53.7 million) guarantees given by Indofood for loan facilities obtained by certain plantation farmers in relation to arrangements for those farmers' production and sale of fresh fruit bunches to Indofood, neither the Group nor the Company had any significant contingent liabilities (31 December 2008: Nil).

18. SHARE OPTIONS

Particulars of the share options of the Company and its subsidiary company granted to the Directors and senior executives of the Company and its subsidiary company at 30 June 2009 are set out below.

(A) Particulars of the Company's Share Option Scheme

	Share options held at 1 January 2009	Share options granted during the period	Share options exercised during the period	Share options held at 30 June 2009	Share options exercise price *(HK$)*	Market price at date of grant *(HK$)*	Market price during the period of exercise *(HK$)*	Grant date	Fully vested by	Exercisable from	Exercisable until
Executive Directors											
Manuel V. Pangilinan	31,800,000	–	–	31,800,000	1.76	1.76	–	1 June 2004	December 2008	June 2005	May 2014
	30,200,000	–	–	30,200,000	5.33	5.33	–	5 September 2007	September 2012	September 2008	September 2017
Edward A. Tortorici	3,560,000	–	(3,560,000)	–	1.76	1.76	3.77	1 June 2004	December 2008	June 2005	May 2014
	18,200,000	–	–	18,200,000	5.33	5.33	–	5 September 2007	September 2012	September 2008	September 2017
Robert C. Nicholson	14,000,000	–	–	14,000,000	1.76	1.76	–	1 June 2004	December 2008	June 2005	May 2014
	15,500,000	–	–	15,500,000	5.33	5.33	–	5 September 2007	September 2012	September 2008	September 2017
Non-Executive Directors											
Ambassador Albert F. del Rosario	2,840,000	–	–	2,840,000	1.76	1.76	–	1 June 2004	June 2005	June 2005	May 2014
	3,160,000	–	–	3,160,000	5.33	5.33	–	5 September 2007	September 2008	September 2008	September 2017
Benny S. Santoso	2,840,000	–	–	2,840,000	1.76	1.76	–	1 June 2004	June 2005	June 2005	May 2014
	3,160,000	–	–	3,160,000	5.33	5.33	–	5 September 2007	September 2008	September 2008	September 2017
Independent Non-Executive Directors											
Graham L. Pickles	3,160,000	–	–	3,160,000	5.33	5.33	–	5 September 2007	September 2008	September 2008	September 2017
Prof. Edward K.Y. Chen *GBS, CBE, JP*	1,340,000	–	–	1,340,000	1.76	1.76	–	1 June 2004	June 2005	June 2005	May 2014
	3,160,000	–	–	3,160,000	5.33	5.33	–	5 September 2007	September 2008	September 2008	September 2017
Sir David W. C. Tang, *KBE*	3,160,000	–	–	3,160,000	5.33	5.33	–	5 September 2007	September 2008	September 2008	September 2017
Senior Executives	29,032,000	–	–	29,032,000	1.76	1.76	–	1 June 2004	December 2008	June 2005	May 2014
	4,500,000	–	–	4,500,000	3.275	3.25	–	7 June 2006	December 2010	June 2007	June 2016
	42,220,000	–	–	42,220,000	5.33	5.33	–	5 September 2007	September 2012	September 2008	September 2017
Total	211,832,000	–	(3,560,000)	208,272,000							

Further information regarding the Company's share option scheme has been set out on pages 147 and 148 of the Company's 2008 Annual Report.

(B) Particulars of MPIC's Share Option Scheme

	Share options held at 1 January 2009	Share options granted during the period	Share options exercised during the period	Share options held at 30 June 2009	Share options exercise price *(Peso)*	Market price at date of grant *(Peso)*	Market price during the period of exercise *(Peso)*	Grant date	Fully vested by	Exercisable from	Exercisable until
Executive Directors											
Manuel V. Pangilinan	7,500,000	–	–	7,500,000	2.12	2.10	–	9 December 2008	January 2010	January 2009	January 2013
	–	7,500,000	–	7,500,000	2.73	2.65	–	10 March 2009	March 2010	March 2009	March 2013
Edward A. Tortorici	5,000,000	–	–	5,000,000	2.12	2.10	–	9 December 2008	January 2010	January 2009	January 2013
	–	5,000,000	–	5,000,000	2.73	2.65	–	10 March 2009	March 2010	March 2009	March 2013
Ambassador Albert F. del Rosario	2,500,000	–	–	2,500,000	2.12	2.10	–	9 December 2008	January 2010	January 2009	January 2013
	–	2,500,000	–	2,500,000	2.73	2.65	–	10 March 2009	March 2010	March 2009	March 2013
Senior Executives	46,000,000	–	(2,250,000)	43,750,000	2.12	2.10	5.60	9 December 2008	January 2010	January 2009	January 2013
	–	47,925,245	(1,250,000)	46,675,245	2.73	2.65	5.60	10 March 2009	March 2010	March 2009	March 2013
Total	61,000,000	62,925,245	(3,500,000)	120,425,245							

At the annual general meeting held on 1 June 2007, the Company's shareholders approved a share option scheme under which MPIC's directors may, at their discretion, invite executives of MPIC upon the regularization of employment of eligible executives, to take up share options of MPIC to obtain an ownership interest in MPIC and for the purpose of long-term employment motivation. The scheme was subsequently approved by MPIC's shareholders and became effective on 14 June 2007 and would be valid for 10 years.

The maximum number of shares on which options may be granted under the scheme may not exceed 10% of the issued share capital of MPIC as 1 June 2007, at the date on which the MPIC's share option scheme was approved by the Company's shareholders on the annual general meeting held on 1 June 2007. The aggregate number of shares which may be issued upon exercise of the options granted and to be granted to any eligible participant (whether or not already an option holder) in any 12-month period shall not exceed 1% of the shares in issue at the relevant time.

The exercise price in relation to each option granted under the scheme shall be determined by MPIC's directors at their absolute discretion, but in any event shall not be less than (i) the closing price of MPIC's shares for one or more board lots of such MPIC's shares on the Philippine Stock Exchange (PSE) on the option grant date; (ii) the average closing price of MPIC's shares for one or more board lots of such MPIC's shares on the PSE for the five business days on which dealings in the MPIC's shares are made immediately preceding the option grant date; or (iii) the par value of the MPIC's shares, whichever is higher.

On 9 December 2008, 61,000,000 share options under MPIC's scheme were granted. The average fair value of options granted, as calculated based on the Black-Scholes option pricing model, was Peso 0.37 or an aggregate value of Pesos 22.8 million (US$0.5 million) for all options granted. The assumptions used were as follows:

Share price at the date of grant	Pesos 2.10
Exercise price	Pesos 2.12
Expected volatility (based on historical volatility of the MPIC's share commensurate with the average expected life of the options granted)	76%
Option life	4 years
Average risk-free interest rate (based on the Philippine government zero coupon bond)	6.26% per annum

On 10 March 2009, 62,925,245 share options under MPIC's scheme were granted. The average fair value of options granted, as calculated based on Black-Scholes option pricing model, was Peso 0.51 or an aggregate value of Pesos 31.8 million (US$0.7 million) for all options granted. The assumptions used were as follows:

Share price at the date of grant	Pesos 2.65
Exercise price	Pesos 2.73
Expected volatility (based on historical volatility of the MPIC's share commensurate with the average expected life of the options granted)	64%
Option life	4 years
Average risk-free interest rate (based on the Philippine government zero coupon bond)	4.53% per annum

The Black-Scholes option pricing model, applied for determining the estimated values of the share options granted under MPIC's scheme, requires input of higher subjective assumptions, including the expected stock price volatility. Changes in the subjective input assumptions can materially affect the estimated value of the options granted.

Details of the Group's accounting policy in respect of the share options granted are set out in Note 2D(r)(III) to the Company's 2008 audited financial statements set out on pages 103 and 104 of the Company's 2008 Annual Report.

At a special shareholders' meetings of MPIC held on 20 February 2009, MPIC's shareholders approved the amendments to MPIC's share options scheme which include (i) a refreshment of the number of MPIC options that may be granted to take into account of the increase in the capital stock of MPIC or other changes to its capital structure which have either been approved by the shareholders, implemented, in process, or which may potentially be approved or implemented in the future; and (ii) the inclusion in MPIC's share option plan of a requirement for MPIC to comply with relevant corporate requirements and regulations applicable to MPIC's parent company. The amendments were subsequently approved by the Company's shareholders in the annual general meeting held on 3 June 2009.

19. RELATED PARTY TRANSACTIONS

Significant related party transactions entered into by the Group during the period are disclosed as follows:

(A) In June 2009, MPIC entered into a sale and purchase agreement with AB Holdings Corporation (ABHC), Alfred Xerex-Burgos, Jr. (AXB) (together the 49.0% shareholder of Landco) and Landco pursuant to which MPIC sold 1.3 million common shares of Landco (representing 17.0% interest in Landco) for a consideration of Pesos 203 million (approximately US$4.2 million) to ABHC. This transaction also constituted a connected transaction as defined in Chapter 14A of the Listing Rules.

(B) Asia Link B.V. (ALBV), a wholly-owned subsidiary company of the Company, has a technical assistance agreement with Smart Communications, Inc. (Smart), a wholly-owned subsidiary company of PLDT, for ALBV to provide Smart with technical support services and assistance in the operations and maintenance of cellular mobile telecommunications services for a period of four years from 23 February 2008, subject to renewal upon mutual agreement between the parties. The agreement provides for payments of technical service fees equivalent to 1% (2008: 1%) of the consolidated net revenue of Smart.

The fee under the above arrangement amounted to Pesos 322 million (US$6.7 million) for the period ended 30 June 2009 (30 June 2008: Pesos 303 million or US$7.2 million). At 30 June 2009, the outstanding technical service fee payable amounted to Pesos 214 million (US$4.5 million) (31 December 2008: outstanding prepaid technical service fee of Pesos 8 million or US$0.2 million).

(C) In the ordinary course of business, Indofood has engaged in trade transactions with certain of its associated companies, joint ventures and affiliated companies, the majority of which are related to the Salim Family either through direct and/or common share ownership and common management. Mr. Anthoni Salim is the Chairman and a substantial shareholder of the Company and is the President Director and Chief Executive Officer of Indofood.

All significant transactions with related parties, whether or not conducted under normal terms and conditions similar to those with non-related parties, are disclosed as follows:

Nature of transactions

For the six months ended 30 June *US$ millions*	**2009**	**2008**
Income Statement Items		
Sales of finished goods		
– to associated companies and joint ventures	14.0	12.7
– to affiliated companies	25.1	28.1
Purchases of raw materials		
– from associated companies and joint ventures	19.4	22.9
– from affiliated companies	5.7	5.5
Management and technical services fee income and royalty income		
– from associated companies and joint ventures	0.5	0.5
– from affiliated companies	2.5	1.8
Insurance expenses		
– to affiliated companies	1.4	1.3
Rental expenses		
– to affiliated companies	0.5	0.6
Transportation and pump services expenses		
– to affiliated companies	0.2	0.2

Approximately 2% (2008: 2%) of Indofood's sales and 2% (2008: 2%) of its purchases were transacted with these related parties.

Nature of balances

US$ millions	**At 30 June 2009**	**At 31 December 2008**
Statement of Financial Position Items		
Accounts receivable – trade		
– from associated companies and joint ventures	4.5	2.6
– from affiliated companies	11.8	13.3
Accounts receivable – non-trade		
– from associated companies and joint ventures	0.2	0.4
– from affiliated companies	10.4	8.3
Accounts payable – trade		
– to associated companies and joint ventures	4.9	3.6
– to affiliated companies	3.5	2.3
Accounts payable – non-trade		
– to affiliated companies	21.8	19.2

(D) During the period ended 30 June 2009, MPIC's subsidiary company, Maynilad, entered into certain construction contracts with DMCI Holdings Inc. (DMCI) (a 44.6% shareholder of DMWC, Maynilad's parent company) for the latter's construction of water infrastructure for Maynilad. On 23 March 2009, Maynilad entered into (i) a framework agreement with D.M. Consunji, Inc. (Consunji), a subsidiary company of DMCI, in relation to the provision of engineering, procurement and/or construction services by Consunji to Maynilad for the period from 23 March 2009 to 31 December 2011 and (ii) a lease agreement with DMCI Project Developers, Inc. (DMCIPD), a subsidiary company of DMCI, for the renting of certain premises in the Makati City by DMCIPD to Maynilad for the period from 1 February 2009 to 31 January 2012. These related party transactions also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

All significant transactions with DMCI group, whether or not conducted under normal terms and conditions similar to those with non-related parties, are disclosed as follows:

Nature of transactions

For the six months ended 30 June *US$ millions*	**2009**	**2008**
Income Statement Items		
Rental expenses	0.1	–
Capital Expenditure Items		
Construction services for water infrastructure obtained	21.2	–

Nature of balances

US$ millions	**At 30 June 2009**	**At 31 December 2008**
Statement of Financial Position Items		
Accounts receivable – trade	5.4	–
Accounts payable – trade	0.1	3.0

(E) During the period ended 30 June 2009, MPIC's subsidiary company, MNTC, collected toll fees through TMC, MPIC's associated company.

All significant transactions with TMC, whether or not conducted under normal terms and conditions similar to those with non-related parties, are disclosed as follows:

Nature of transactions

For the six months ended 30 June *US$ millions*	**2009**	**2008**
Income Statement Items		
Operator's fee	14.3	–
Management income	0.1	–
Guarantee income	0.2	–
Interest income	0.2	–

Nature of balances

US$ millions	**At 30 June 2009**	**At 31 December 2008**
Statement of Financial Position Items		
Accounts receivable – trade	7.7	7.3
Accounts payable – trade	6.2	5.6

20. SUBSEQUENT EVENTS

(A) On 10 July 2009, LAWL Pte. Ltd (LAWL) completed the subscription of 791.1 million of new common shares issued by MPIC for Pesos 2.0 billion (approximately US$41.6 million), which reduced the Group's economic interest in MPIC from approximately 97.9% to approximately 90.3%. The Group is expected to record a dilution gain of approximately US$10 million from this transaction.

(B) On 14 July 2009, Pilipino Telephone Corporation (Piltel), a subsidiary company of PLDT, completed the acquisition of 223.0 million common shares of Manila Electric Company (Meralco) from First Philippine Utilities Corporation at a total consideration of Pesos 20.1 billion (approximately US$418.8 million).

On 17 July 2009 (the Reference Date), MPIC entered into two separate preliminary agreements (term sheets) with (a) Beneficial Trust Fund of PLDT (BTF Term Sheet) and (b) Crogan Limited (Crogan), a wholly-owned subsidiary company of the Company, and Metro Pacific Holdings, Inc. (MPHI), a Philippine affiliate of the Company (MPHI Term Sheet), respectively. The BTF Term Sheet contemplates that MPIC will purchase 113.3 million common shares of Meralco (representing an approximately 10.17% interest in Meralco) from BTF at a total consideration of Pesos 14.3 billion (approximately US$297.4 million), which will be partly funded by the cash proceeds from BTF's subscription of 2.7 billion new common shares of MPIC, at a price of Pesos 3.5 (US$0.073) per share, for a total subscription price of Pesos 9.5 billion (approximately US$197.4 million). The MPHI Term Sheet contemplates that MPIC will purchase 31.1 million common shares of Meralco (representing approximately 2.79% interest in Meralco) from Crogan at a total consideration of Pesos 3.9 billion (approximately US$81.6 million), which will be partly funded by the cash proceeds from MPHI's subscription of 742.5 million new common shares of MPIC, at a price of Pesos 3.5 (US$0.073) per share, at a total consideration of Pesos 2.6 billion (approximately US$54.1 million). In addition, according to the MPHI Term Sheet, Crogan has the option to (a) apply the remaining amount of consideration payable by MPIC to Crogan of Pesos 1.3 billion (approximately US$27.5 million) for the purchase of Meralco common shares in subscribing for more common shares of MPIC at the price of Pesos 3.5 (US$0.073) per share and (b) assign to MPHI its right to receive the said total consideration for the sale of Meralco common shares to MPIC.

Upon completion of the above transactions, the Group's economic interest in MPIC will be reduced from approximately 90.3% to either 73.0% or 73.7%, and the Group is expected to record a dilution gain of either US$40 million or US$42 million, depending on whether Crogan exercises the right to subscribe for more MPIC common shares (as mentioned above).

In addition, MPIC has undertaken in the BTF Term Sheet that, subject to favourable market conditions as determined by its board of directors, MPIC will conduct a fund raising exercise (a "Re-launch" of its listed shares) to broaden its current investor base, which will be effected by way of a public offering or placement of MPIC's shares to independent investors and result in an offering to public shareholders of a minimum of the lower of (a) 15% of MPIC's fully diluted equity and (b) US$100 million in value of shares valued at the Re-launch issue price. MPIC agreed that it would not, within a period of 90 days from the Reference Date, issue shares or other securities at a price less than the Pesos 3.5 (US$0.073) per share and in the alternative, that if MPIC do so, MPIC will compensate BTF and MPHI for the difference between the aggregate subscription price paid by BTF and MPHI for the above-mentioned subscriptions and the value of those shares at the Re-launch issue price in the form of additional MPIC common shares, to be issued at the Re-launch issue price.

21. COMPARATIVE AMOUNTS

As explained in Note 1(B) to the Condensed Interim Financial Statements, due to the adoption of HKAS 1 (Revised) and HKFRS 8 during the period, the presentation of certain items and balances has been revised to comply with such changes. Accordingly, certain comparative amounts have been reclassified to conform with the current period's accounting presentation. In addition, the comparative income statement has been restated as if a discontinued operation had been discontinued at the beginning of the comparative period.

SUMMARY OF PRINCIPAL INVESTMENTS
At 30 June 2009

Philippine Long Distance Telephone Company
PLDT (PSE: TEL; NYSE: PHI) is the leading telecommunications service provider in the Philippines. It has common shares listed on the Philippine Stock Exchange and American Depositary Receipts (ADRs) listed on the New York Stock Exchange. It has one of the largest market capitalizations among Philippine listed companies. Through its three principal business groups, PLDT offers a wide range of telecommunications services: Wireless (principally through wholly-owned subsidiary company, Smart Communications, Inc.); Fixed Line (principally through PLDT); and Information and Communications Technology (principally through wholly-owned subsidiary company, ePLDT). PLDT has developed the Philippines' most extensive fiber optic backbone, cellular, fixed line and satellite networks.

Sector	:	Telecommunications
Place of incorporation/business area	:	The Philippines
Issued number of shares	:	186.8 million
Particulars of issued shares held	:	Common shares of Pesos 5 par value
Economic interest	:	26.5%

Further information on PLDT can be found at www.pldt.com

Metro Pacific Investments Corporation
MPIC (PSE: MPI) is a publicly-listed investment and management company based in the Philippines with holdings in infrastructure, utilities and healthcare enterprises.

Sector	:	Infrastructure, Utilities and Healthcare
Place of incorporation/business area	:	The Philippines
Issued number of shares	:	9.4 billion
Particulars of issued shares held	:	Common shares of Peso 1 par value
Economic interest	:	97.9%

Further information on MPIC can be found at www.mpic.com.ph

PT Indofood Sukses Makmur Tbk

Indofood (IDX: INDF) is a "Total Food Solutions" company engaged in food manufacturing, processing, marketing and distribution. Indofood is based in Jakarta and is listed on the Indonesia Stock Exchange and its Agribusiness subsidiaries, Indofood Agri Resources Ltd and PT PP London Sumatra Indonesia Tbk are listed on the Singapore and Indonesia Stock Exchanges. Through its four complementary strategic business groups, Indofood offers and distributes a wide range of food products throughout Indonesia: Consumer Branded Products (noodles, dairy, food seasonings, snack foods and nutrition and special foods), Bogasari (flour and pasta), Agribusiness (oil palm, rubber, sugar cane, cocoa and tea plantations, cooking oils, margarine and shortening) and Distribution. Indofood is one of the world's largest instant noodle manufacturers by volume, plantation companies by hectarage 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 Indonesia.

Sector	:	Consumer Food Products
Place of incorporation/business area	:	Indonesia
Issued number of shares	:	8.8 billion
Particulars of issued shares held	:	Shares of Rupiah 100 par value
Economic interest	:	50.1%

Further information on Indofood can be found at www.indofood.co.id

Philex Mining Corporation

Philex (PSE: PX) is a Philippine listed company engaged in exploration, development and utilization of mineral resources.

Sector	:	Natural Resources
Place of incorporation/business area	:	The Philippines
Issued number of shares	:	4.9 billion
Particulars of issued shares held	:	Common shares of Peso 1 par value
Economic interest	:	23.1%

Further information on Philex can be found at www.philexmining.com.ph

4. INDEBTEDNESS

As at 30 September 2009, the Group had outstanding borrowings of approximately US$3,407.5 million (equivalent to approximately HK$26,408.1 million). The borrowings comprised secured bank loans of US$1,573.8 million (equivalent to approximately HK$12,197.0 million), unsecured bank loans of US$1,406.4 million (equivalent to approximately HK$10,899.6 million), secured other loans of US$0.9 million (equivalent to approximately HK$6.9 million) and unsecured other loans of US$426.4 million (equivalent to approximately HK$3,304.6 million).

The secured bank loans were secured by certain of the Group's property, plant and equipment, plantations, other intangible assets, prepaid land premiums, other non-current assets, cash and cash equivalents, inventories and the Group's interest of approximately 20.9% in PLDT, approximately 4.2% in Metro Pacific Investments Corporation, approximately 20.0% in Philex Mining Corporation, approximately 99.8% in Metro Pacific Tollways Corporation, approximately 16.5% in DMCI-MPIC Water Company, Inc. and approximately 9.9% in Maynilad Water Services, Inc.

The other loans comprised unsecured bonds of US$370.8 million (equivalent to approximately HK$2,873.7 million) (as described below), unsecured trust receipt loans of US$53.3 million (equivalent to approximately HK$413.1 million) and others. The bonds held by the Group as at 30 September 2009 comprise the following:

(a) Rupiah 2.0 trillion (equivalent to approximately US$205.7 million or HK$1,594.2 million) Rupiah bonds issued by PT Indofood Sukses Makmur Tbk ("Indofood"), with a coupon rate of 10.0%, payable quarterly, and which mature in May 2012; and

(b) Rupiah 1.6 trillion (equivalent to approximately US$165.1 million or HK$1,279.5 million) Rupiah bonds issued by Indofood, with a coupon rate of 13.2%, payable quarterly, and which mature in June 2014.

As at 30 September 2009, except for US$59.7 million (equivalent to approximately HK$462.7 million) guarantees given by Indofood for loan facilities obtained by certain plantation farmers in relation to arrangements for those farmers' production and sale of fruit bunches to Indofood, the Group did not have any material contingent liabilities.

Save as aforesaid, and apart from intra-group liabilities, the Group did not have outstanding at the close of business on 30 September 2009 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other contingent liabilities.

There is no material change in the Group's outstanding indebtedness and contingent liabilities from 30 September 2009 to the Latest Practicable Date.

5. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the estimated net proceeds from the proposed Rights Issue, the internal resources and the available banking facilities of the Group and in the absence of unforeseen circumstances, the Group will have sufficient working capital for its present requirements for the twelve months from the date of the Prospectus.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2008, the date to which the latest published audited financial statements of the Group were made up.

7. GENERAL BUSINESS TRENDS AND FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group's principal investments have the following developments since 31 December 2008.

In September and October 2009, Metro Pacific Investments Corporation ("MPIC") completed the re-launch of its shares by way of a public offering to raise Pesos 14.3 billion (approximately US$300 million or HK$2.3 billion) through an old for new shares arrangement. The public offering diluted the Group's attributable economic interest in MPIC from approximately 90.2% to approximately 61.5%. The Group is expected to record a dilution gain of approximately US$50 million (equivalent to approximately HK$387.5 million) as a result of the public offering of MPIC's shares.

On 6 October 2009, MPIC completed the acquisition of an approximately 13% interest in Manila Electric Company ("Meralco") for a consideration of Pesos 18.2 billion (approximately US$378.5 million or HK$2,933.4 million). Since part of the consideration was settled through the issuance of new MPIC common shares, the Group's attributable economic interest in MPIC was further diluted to 54.1%. A dilution gain of approximately US$14 million (equivalent to approximately HK$108.5 million) will be recorded by the Group as a result of the issuance of MPIC common shares as part of the consideration for the acquisition of the approximately 13% interest in Meralco. Together with the approximately 1.7% Meralco interest acquired from the open market, MPIC's effective interest in Meralco becomes approximately 14.7%. In addition, Pilipino Telephone Corporation, a subsidiary of PLDT, acquired an approximately 20% interest in Meralco in July 2009.

Following the acquisition of an approximately 20% interest in Philex Mining Corporation ("Philex") on 28 November 2008, the Group acquired an additional approximately 11% interest in Philex from the open market for a consideration of approximately US$96 million (equivalent to approximately HK$744 million) during 2009.

The share values of each of the Group's listed investments in PLDT, MPIC, Indofood and Philex have increased since 31 December 2008.

For illustrative purposes only, set out below is the unaudited pro forma adjusted consolidated net tangible liabilities of the Group, as at 30 June 2009, after completion of the Rights Issue, as if the Rights Issue had taken place on 30 June 2009. Although reasonable care has been exercised in preparing the unaudited pro forma financial information, Shareholders who read the information should bear in mind that it is inherently subject to adjustments and, because of its nature, may not give a true picture of the financial position of the Group following the Rights Issue.

1. UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE LIABILITIES OF THE GROUP

Introduction

The unaudited pro forma adjusted consolidated net tangible liabilities (the "Unaudited Pro Forma Financial Information") of the Group has been prepared by the directors of the Company in accordance with Paragraph 4.29 of the Listing Rules to illustrate the effect of the proposed Rights Issue on the consolidated net tangible liabilities of the Group as if the Rights Issue had taken place on 30 June 2009.

The Unaudited Pro Forma Financial Information of the Group is prepared based on the unaudited consolidated net assets of the Group as at 30 June 2009, as extracted from the published interim report of the Group for the six months ended 30 June 2009 set out in Appendix I to this Prospectus, after incorporating the unaudited pro forma adjustments described in the accompanying notes.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible liabilities of the Group following the Rights Issue as at the date to which it is made up or at any future date.

	Based on 643,387,400 Rights Shares to be issued at subscription price of HK$3.40 per Rights Share		Per Share	No. of Shares outstanding
	US$ million	*HK$ million*	*HK$*	*(million)*
Unaudited consolidated net assets of the Group attributable to equity holders of the Company as at 30 June 2009 *(Note 1)*	1,327.0	10,284.2	3.20	3,216.9
Less: Unaudited consolidated intangible assets of the Group attributable to equity holders of the Company as at 30 June 2009 *(Note 2)*	(2,265.2)	(17,555.3)		–

	Based on 643,387,400 Rights Shares to be issued at subscription price of HK$3.40 per Rights Share		Per Share	No. of Shares outstanding
	US$ million	*HK$ million*	*HK$*	*(million)*
Unaudited consolidated net tangible liabilities of the Group attributable to equity holders of the Company as at 30 June 2009 *(Note 3)*	(938.2)	(7,271.1)	(2.26)	3,216.9
Estimated net proceeds from the Rights Issue *(Note 4)*	277.0	2,146.8		643.4
Unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to equity holders of the Company after the completion of the Rights Issue *(Notes 5 and 6)*	(661.2)	(5,124.3)	(1.33)	3,860.3

Notes:

(1) The unaudited consolidated net assets of the Group attributable to equity holders of the Company as at 30 June 2009 is extracted from the published interim report of the Company for the six months ended 30 June 2009 as set out in Appendix I to this Prospectus.

(2) The unaudited consolidated intangible assets of the Group attributable to equity holders of the Company as at 30 June 2009 represent concession assets, brands and goodwill arising from the acquisition of subsidiary companies.

(3) The unaudited consolidated net tangible liabilities of the Group attributable to equity holders of the Company per Share as at 30 June 2009 is calculated based on the unaudited consolidated net tangible liabilities of the Group attributable to equity holders of the Company of US$938.2 million or HK$7,271.1 million and the number of shares in issue of 3,216,937,003 as at 30 June 2009.

(4) The estimated net proceeds from the Rights Issue of approximately US$277.0 million or HK$2,146.8 million are based on 643,387,400 Rights Shares to be issued (in the proportion of one Rights Share for every 5 Existing Shares held as at the Record Date which is 3,216,937,003 Shares) at the subscription price of HK$3.40 per Rights Share and after deduction of estimated related expenses of approximately US$5.3 million or HK$40.7 million.

(5) The unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to equity holders of the Company represents the unaudited consolidated net tangible liabilities of the Group attributable to equity holders of the Company as at 30 June 2009 plus the estimated net proceeds from the Rights Issue (Note 4).

(6) The unaudited pro forma adjusted consolidated net tangible liabilities per Share of the Group attributable to equity holders of the Company is calculated based on the unaudited pro forma adjusted consolidated net tangible liabilities of US$661.2 million or HK$5,124.3 million and the number of Shares in issue 3,216,937,003 Shares as at 30 June 2009 and 643,387,400 Rights Shares to be issued pursuant to the Rights Issue.

(7) No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2009.

2. ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE LIABILITIES OF THE GROUP

ERNST & YOUNG
安 永

4 November 2009

The Directors
First Pacific Company Limited
24th Floor, Two Exchange Square
8 Connaught Place
Central
Hong Kong

Dear Sirs,

ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE LIABILITIES

We report on the unaudited pro forma adjusted consolidated net tangible liabilities (the "Unaudited Pro Forma Financial Information") of First Pacific Company Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which has been prepared by the directors of the Company (the "Directors") for illustrative purposes only, to provide information about how the proposed rights issue of 643,387,400 rights shares of the Company might have affected the financial information presented, for inclusion in Appendix II to the prospectus of the Company dated 4 November 2009 (the "Prospectus"). The basis of preparation of the Unaudited Pro Forma Financial Information is set out in Appendix II to the Prospectus.

Respective Responsibilities of the Directors and Reporting Accountants

It is the responsibility solely of the Directors to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments, and discussing the Unaudited Pro Forma Financial Information with the Directors. This engagement did not involve independent examination of any of the underlying financial information.

Our work did not constitute an audit or a review made in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, and accordingly, we do not express any such audit or review assurance on the Unaudited Pro Forma Financial Information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the Directors, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 30 June 2009 or any future dates.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

1. RESPONSIBILITY STATEMENT

This Prospectus 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 Prospectus 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. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT

Chairman

Anthoni Salim

Age 60, born in Indonesia. Mr. Salim graduated from Ewell County Technical College in London. He is the President and CEO of the Salim Group, President Director and CEO of PT Indofood Sukses Makmur Tbk, and holds positions as Commissioner and Director in various companies, including Futuris Corporation Limited, Australia. Mr. Salim serves on the Boards of Advisors of several multinational companies. He was a member of the GE International Advisory Board, and is currently a member of the Advisory Board of ALLIANZ Group, an insurance company based in Germany. He joined the Asia Business Council in September 2004. Mr. Salim is the son of Soedono Salim. He has served as a Director of First Pacific since 1981 and assumed the role of Chairman in June 2003.

Managing Director and Chief Executive Officer

Manuel V. Pangilinan

Age 63, born in the Philippines. Mr. Pangilinan received a BA from Ateneo de Manila University and an MBA from University of Pennsylvania's Wharton School before working in the Philippines and Hong Kong for the PHINMA Group, Bancom International Limited and American Express Bank. He served as First Pacific's Managing Director after founding the Company in 1981, was appointed Executive Chairman in February 1999 and re-assumed the role of Managing Director and CEO in June 2003. Mr. Pangilinan also served as President and CEO of Philippine Long Distance Telephone Company (PLDT) since November 1998 and was appointed Chairman of PLDT in February 2004. He is the Chairman of Metro Pacific Investments Corporation, Smart Communications, Inc., Pilipino Telephone Corporation, Maynilad Water Services, Inc., Metro Pacific Tollways Corporation (formerly First Philippine Infrastructure, Inc.), Manila North Tollways Corporation, First Philippine Infrastructure Development Corporation, Tollways Management Corporation, Philex Mining Corporation, Landco Pacific Corporation and Medical Doctors, Inc. (Makati Medical Center). Mr. Pangilinan is also the President Commissioner of PT Indofood Sukses Makmur Tbk and a Director of Manila Electric Company. In May 2006, the Office of the President of the Philippines awarded Mr. Pangilinan the Order of Lakandula, rank of Komandante in recognition of his contributions to the country. He was named Management Man of the Year 2005 by the Management Association of the Philippines. Mr. Pangilinan was awarded Honorary Doctorates in Humanities by Holy Angel University in 2008, by Xavier University in 2007 and by

San Beda College in 2002 in the Philippines. He was a member of the Board of Overseers of The Wharton School, University of Pennsylvania, and holds chairmanships in the Board of Trustees of Ateneo de Manila University and of San Beda College, non-profit organizations Philippine Business for Social Progress (PBSP) and the Philippine Business for Education (PBED). Mr. Pangilinan is also the President of the Samahang Basketbol Ng Pilipinas (the national association for basketball) and is Chairman of the Amateur Boxing Association of the Philippines (the national association for boxing).

Executive Directors

Edward A. Tortorici

Age 69, born in the US. Mr. Tortorici received a BS from New York University and an MS from Fairfield University. Mr. Tortorici has served in a variety of senior and executive management positions, including Corporate Vice President for Crocker Bank and Managing Director positions at Olivetti Corporation of America and Fairchild Semiconductor Corporation. Mr. Tortorici subsequently founded EA Edwards Associates, an international management and consulting firm specializing in strategy formulation and productivity improvement with offices in USA, Europe and Middle East. In 1987 Mr. Tortorici joined First Pacific as an Executive Director for strategic planning and corporate restructuring, and launched the Group's entry into the telecommunications and technology sectors. Presently, he oversees corporate strategy for First Pacific and guides the Group's strategic planning and corporate development activities. Mr. Tortorici serves as a Commissioner of PT Indofood Sukses Makmur Tbk which is based in Indonesia; a Director of Metro Pacific Corporation, Maynilad Water Services, Inc. and Landco Pacific Corporation, and an Executive Advisor of Metro Pacific Investments Corporation, companies located in the Philippines. He also serves as a Trustee of the Asia Society and the Metropolitan Museum of Manila.

Robert C. Nicholson

Age 53, born in Scotland. Mr. Nicholson qualified as a solicitor in England and Wales in 1980 and in Hong Kong in 1982. He was a Senior Partner of Richards Butler from 1985 to 2001 where he established the corporate and commercial department. He has had wide experience in corporate finance and cross-border transactions, including mergers and acquisitions, regional telecommunications, debt and equity capital markets, corporate reorganizations and the privatization of state-owned enterprises in the People's Republic of China. Mr. Nicholson joined First Pacific's Board in June 2003 and was named an Executive Director in November 2003. He was a Senior Advisor to the Board of Directors of PCCW Limited between August 2001 and September 2003. He is an Independent Non-executive Director of QPL International Holdings Limited and Pacific Basin Shipping Limited, a Non-executive Director of India Capital Growth Fund Limited (listed on the AIM market of the London Stock Exchange) since November 2005. Mr. Nicholson serves as a Commissioner of PT Indofood Sukses Makmur Tbk and is a Director of Philex Mining Corporation and Level Up! International Holdings Pte Ltd.

Non-executive Directors

Ambassador Albert F. Del Rosario

Age 69, born in the Philippines. The former Ambassador of the Republic of the Philippines to the United States of America from October 2001 to August 2006 earned his Bachelor's Degree in Economics at New York University. He is currently Chairman of Gotuaco, del Rosario Insurance Brokers, Inc., BusinessWorld Publishing Corporation, Makati Foundation for Education, Stratbase, Inc. and is President of Philippine Telecommunications Investment Corporation. Ambassador del Rosario serves as Commissioner or Director in numerous companies and non-profit organizations including PT Indofood Sukses Makmur Tbk, Philippine Long Distance Telephone Company, Metro Pacific Investments Corporation, Metro Pacific Tollways Corporation, First Philippine Infrastructure Development Corporation, Manila North Tollways Corporation, Asia Traders Insurance Corporation, Landco Pacific Corporation, MediaQuest Holdings, Inc., Philippine Cancer Society and is a member of the Board of Trustees or Governors of the Makati Business Club, International Graduate University, Washington, DC and Asia Society's International Council. He also headed the development of Pacific Plaza Towers, Metro Pacific Corporation's signature project in Fort Bonifacio's Global City. In September 2004, Ambassador del Rosario was conferred the Order of Sikatuna, Rank of Datu, by H.E. President Gloria Macapagal-Arroyo for his outstanding efforts in promoting foreign relations for the Philippines. He is moreover, a recipient of the EDSA II Presidential Heroes Award in recognition of his work in fostering Philippine Democracy and the Philippine Army Award from H.E. President Corazon Aquino for his accomplishments as Chairman of the Makati Foundation for Education. He was elevated to the Xavier Hall of Fame in New York City in 2006. Ambassador del Rosario joined First Pacific's Board in June 2003.

Sutanto Djuhar

Age 81, born in Indonesia. Mr. Djuhar has founded numerous Indonesian companies involved primarily in cement plants and real estate development. He is a Commissioner of PT Kartika Chandra and serves as a Director of PT Bogasari Flour Mills and Pacific Industries and Development Limited. Mr. Djuhar, who is the father of Tedy Djuhar, joined First Pacific's Board in 1981.

Tedy Djuhar

Age 58, born in Indonesia. Mr. Djuhar received a Bachelor of Economics degree from the University of New England in Australia. Mr. Djuhar is the Vice President Director of PT Indocement Tunggal Prakarsa Tbk, Director of Pacific Industries and Development Limited, and Director of a number of other Indonesian companies. He is the son of Sutanto Djuhar. Mr. Djuhar joined First Pacific's Board in 1981.

Ibrahim Risjad

Age 75, born in Indonesia. Mr. Risjad serves as a Commissioner of PT Indofood Sukses Makmur Tbk. He joined First Pacific's Board in 1981.

Benny S. Santoso

Age 51, born in Indonesia. Mr. Santoso graduated from Ngee Ann College in Singapore. He serves as a Commissioner of PT Indofood Sukses Makmur Tbk and PT Indosiar Karya Mandiri Tbk, a Director of PT Indocement Tunggal Prakarsa Tbk and a member of the Advisory Board of Philippine Long Distance Telephone Company. Mr. Santoso joined First Pacific's Board in June 2003.

Napoleon L. Nazareno

Age 59, born in the Philippines. Mr. Nazareno graduated in 1970 from the University of San Carlos in Cebu with a Bachelor of Science degree in Mechanical Engineering. He received a Master's degree in Business Management from the Asian Institute of Management (AIM) in 1973. He also took the INSEAD Executive Program at the European Institute of Business Administration in Fontainebleau, France in 1983. In 1973, Mr. Nazareno worked as an Assistant Product Manager at the Flexible Packaging Division in Phimco Industries, Inc. and in 1981, he joined the international firm Akerlund & Rausing as Acting Production Manager. In 1989, he was named President and CEO of Akerlund & Rausing (Philippines). Mr. Nazareno served as President and CEO of Metro Pacific Corporation from 1995 to 1999. In 1998, Mr. Nazareno became President and CEO of Pilipino Telephone Corporation (a cellular subsidiary of Smart Communications, Inc. (Smart)). He became President and CEO of Smart in 2000 and subsequently assumed the presidency at parent firm Philippine Long Distance Telephone Company in 2004, positions he continues to hold concurrently. Mr. Nazareno is also a Director of Manila Electric Company. Mr. Nazareno joined First Pacific's Board in 2008.

Independent Non-executive Directors

Graham L. Pickles

Age 52, born in Australia. Mr. Pickles holds a Bachelor of Business degree (majoring in accounting). He is a member of the Certified Practising Accountants of Australia, and is a Fellow of the Australian Institute of Directors. Mr. Pickles has significant experience in the distribution and technology sectors, running several distribution businesses in Asia and Australasia in the IT and telecommunications industries, over a career spanning more than 20 years. Mr. Pickles serves as a Commissioner of PT Indofood Sukses Makmur Tbk and was appointed Chairman of Asia Pacific Brands India Limited in 2005. He was previously the CEO of Tech Pacific Holdings Limited, a wholly-owned subsidiary of First Pacific Company Limited until Tech Pacific was sold in 1997. Mr. Pickles was also a member of the executive committee of Hagemeyer N.V. in which First Pacific had a controlling interest until 1998. Mr. Pickles joined First Pacific's Board in 2004.

Professor Edward K.Y. Chen, *GBS, CBE, JP*

Age 64, born in Hong Kong and educated at the University of Hong Kong and Oxford University. Professor Chen is an Independent Non-executive Director of Asia Satellite Telecommunications and Wharf Holdings Limited. He was a trustee for Eaton Vance Management Funds. Formerly, Professor Chen served as President of Lingnan University from 1995 to 2007, and Professor and Director of the Centre of Asian Studies of the University of Hong Kong; Chairman of Hong Kong's Consumer Council; as an Executive Councillor of the Hong Kong Government; and as a Legislative Councillor. Professor Chen is now a Distinguished Fellow of the Centre of Asian Studies at the University of Hong Kong. Professor Chen joined First Pacific's Board in 1993.

Sir David W.C. Tang
KBE, Chevalier de L'Ordre des Arts et des Lettres

Age 55, born in Hong Kong. Sir David was educated locally and then Cambridge, London and Beijing, where he taught English and Philosophy at Peking University. Sir David is the founder of Shanghai Tang; the China Clubs in Beijing, Hong Kong and Singapore; China Tang in London and Pacific Cigars. He joined First Pacific's Board in 1989.

Advisors

Honorary Chairman and Advisor to the Board

Soedono Salim

Age 94, born in China. Mr. Salim served as First Pacific's Chairman from 1981 until February 1999, when he assumed his current titles. He serves as Chairman of the Salim Group.

Advisor to the Board

Sudwikatmono

Age 75, born in Indonesia. Mr. Sudwikatmono served as a Director of First Pacific from 1981 until February 1999, when he assumed his current title. He is a Vice President Commissioner of PT Indocement Tunggal Prakarsa Tbk and holds board positions with a number of other Indonesian companies.

Senior Management

Executive Vice President
Group Financial Controller

Richard L. Beacher

Age 50, born in the United Kingdom. Mr. Beacher received a BA (Hons) in Economics and Accounting from University of Newcastle Upon Tyne, U.K. He is a member of the Institute of Chartered Accountants in England and Wales and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Beacher moved to Hong Kong in 1984 with PriceWaterhouse and most recently served in financial positions with Hagemeyer Cosa Lieberman and latterly with Siemens Building Technologies as Global Business Line Controller. He joined First Pacific in 2006.

Executive Vice President
Group Human Resources

Maisie M.S. Lam

Age 54, born in Hong Kong. Ms. Lam received a Diploma from the Hong Kong Polytechnic University/Hong Kong Management Association. She joined First Pacific in 1983.

Executive Vice President
Group Finance

Joseph H.P. Ng

Age 47, born in Hong Kong. Mr. Ng received an MBA and a Professional Diploma in Accountancy from the Hong Kong Polytechnic University. He is a member of the Hong Kong Institute of Certified Public Accountants and of the Association of Chartered Certified Accountants. Mr. Ng joined First Pacific in 1988 from PriceWaterhouse's audit and business advisory department in Hong Kong. Prior to his appointment as Executive Vice President, Group Finance in May 2002, Mr. Ng was Group Treasurer of the First Pacific Group and served in several senior finance positions within the First Pacific Group.

Vice President
Group Finance

Richard P.C. Chan

Age 40, born in Hong Kong. Mr. Chan received a BBA (Hons) degree from the Hong Kong Baptist University and an MBA from the Chinese University of Hong Kong. He is a Certified Public Accountant (Practising), a CFA charterholder and a Fellow of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He has experience in auditing, accounting, finance and management spanning a diverse range of business activities. Mr. Chan joined First Pacific in 1996 from KPMG.

Vice President
Group Corporate Communications

Sara S.K. Cheung

Age 46, born in Hong Kong. Ms. Cheung received a BA in Business Economics from UCLA (University of California, Los Angeles) and an MBA from Southern Illinois University, Carbondale. She is responsible for investor relations, corporate communications and media relations. Ms. Cheung is a member of the National Investor Relations Institute and the Hong Kong Investor Relations Association. She joined First Pacific in 1997 from the Public Affairs department of Wharf Limited and Wheelock and Company Limited.

Vice President
Company Secretary

Nancy L.M. Li

Age 52, born in Hong Kong. Ms. Li received a BA from McMaster University in Canada and a MSc in Corporate Governance and Directorship from Hong Kong Baptist University. She is a Fellow of the Hong Kong Institute of Company Secretaries and The Institute of Chartered Secretaries & Administrators of Great Britain. Ms. Li joined First Pacific in 1987 from the Hong Kong Polytechnic University's academic secretariat. Prior to that, she worked in the company secretarial department of Coopers & Lybrand. Ms. Li was appointed as First Pacific's Company Secretary in May 2003.

Vice President
Group Tax and Treasury

Peter T.H. Lin

Age 40, born in Hong Kong. Mr. Lin received an MSc in Management Sciences and BSc in Economics and Statistics from the University of Southampton and Coventry University respectively. He is a Fellow of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He is also a member of the Institute of Chartered Accountants in England and Wales and the Hong Kong Tax Institute. Mr. Lin joined First Pacific in 1998 from KPMG where he was a Tax Manager specializing in Corporate Tax.

3. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and following completion of the Rights Issue were and are expected to be as follows:

		Par Value
Authorised:		*US$*
5,000,000,000	Shares	50,000,000
Issued and fully paid or credited as fully paid:		*US$*
3,216,937,003	Shares as at the Latest Practicable Date	32,169,370
Rights Shares to be issued:		*US$*
643,387,400	Shares	6,433,874
Issued share capital upon completion of the Rights Issue:		*US$*
3,860,324,403	Shares	38,603,244

All of the Shares in issue and to be issued rank and will rank pari passu in all respects with each other, including, in particular, as to dividends, voting rights and return of capital. The Shares in issue and the Rights Shares to be issued are or will (as the case may be) be listed on the Stock Exchange.

4. 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 Stock 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) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (Model Code), to be notified to the Company and the Stock Exchange were as follows:

(a) Long positions in shares in the Company

Name	Ordinary shares	Approximate percentage of issued share capital *(%)*	Ordinary shares options
Anthoni Salim	1,422,455,963 (C)(i)	44.22	–
Manuel V. Pangilinan	6,622,759 (P)	0.21	62,000,000
Edward A. Tortorici	32,992,131 (P)	1.03	18,200,000
Robert C. Nicholson	10,762 (P)	0.00	29,500,000
Ambassador Albert F. del Rosario	600,000 (P)	0.02	6,000,000
Benny S. Santoso	–	–	6,000,000
Graham L. Pickles	–	–	3,160,000
Prof. Edward K.Y. Chen, *GBS, CBE, JP*	–	–	4,500,000
Sir David W.C. Tang, *KBE*	–	–	3,160,000

(C) = Corporate interest, (P) = Personal interest

(i) Anthoni Salim indirectly owns 100% of First Pacific Investments (B.V.I.) Limited which, in turn, is interested in 632,226,599 shares in the Company. Anthoni Salim's indirect interest in First Pacific Investments (B.V.I.) Limited is held through Salerni International Limited (a company in which Anthoni Salim directly holds 100% of the issued share capital). Anthoni Salim also owns 56.8% of First Pacific Investments Limited which, in turn, is interested in 790,229,364 shares in the Company. Of the 56.8% of First Pacific Investments Limited's share capital owned by Anthoni Salim, 10% is held by Anthoni Salim directly, and 46.8% by Salerni International Limited. The remaining 43.2% interest in First Pacific Investments Limited is owned as to 30% by Sutanto Djuhar, 10% by Tedy Djuhar and 3.2% by a company controlled by Ibrahim Risjad, all of whom are Non-executive Directors of the Company.

(b) Long positions in shares in associated corporations

- Manuel V. Pangilinan owned 2,242,404 common shares(P) and 15,000,000 share options in Metro Pacific Investments Corporation (MPIC), 210,033 common shares(P) in 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, as well as 25,000 common shares(P) in Philex Mining Corporation (Philex).

- Edward A. Tortorici owned 69,596 common shares(C) and 660,000 common shares(P) as well as 10,000,000 share options in MPIC and 104,874 common shares(P) in PLDT.

- Robert C. Nicholson owned 1,250 common shares(P) in Philex.

- 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 and a direct interest of 2,007,788 shares in Indofood Agri Resources Ltd. (IndoAgri) through his controlled corporations other than First Pacific and an indirect interest of 998,200,000 IndoAgri shares through First Pacific group companies.

- Ambassador Albert F. del Rosario owned 140,005 common shares(P) and 1,560 preferred shares(P) in PLDT, 3,016,624 common shares(P) and 5,000,000 share options in MPIC, 32,231,970 preferred shares in Prime Media Holdings, Inc. (PMH) as nominee, 4 common shares(P) in PMH as beneficial owner, 4,922 common shares(P) in Costa de Madera Corporation, 15,000 common shares(P) in Metro Pacific Land Holdings Inc., and 80,000 common shares(P) in Metro Strategic Infrastructure Holdings, Inc.

- Napoleon L. Nazareno owned 6,648 common shares(P) in MPIC, 13,927 common shares(P) in PLDT and 495 preferred shares(P) in PLDT.

(P) = Personal interest, (C) = Corporate interest

As at the Latest Practicable Date, other than as disclosed, 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 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 Stock 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 Stock Exchange.

(ii) Interests of Substantial Shareholders and other persons

The register of interests in shares and short positions of substantial shareholders maintained under Section 336 of the SFO shows that at the Latest Practicable Date, the Company had been notified that the following persons were interested in 5% or more of the Company's issued share capital:

(a) Salerni International Limited (Salerni), which was incorporated in the British Virgin Islands, was interested in 1,422,455,963 Shares (long position) at the Latest Practicable Date, representing approximately 44.22% of the Company's issued share capital, by way of its 46.80% interest in First Pacific Investments Limited (FPIL-Liberia) and its 100% interest in First Pacific Investments (B.V.I.) Limited (FPIL-BVI).

(b) FPIL-Liberia, which was incorporated in the Republic of Liberia, beneficially owned 790,229,364 Shares at the Latest Practicable Date, representing approximately 24.57% 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 proportion specified in note (i) of the table on page 166. Anthoni Salim is taken to be interested in the shares owned by FPIL-Liberia.

(c) FPIL-BVI, which was incorporated in the British Virgin Islands, beneficially owned 632,226,599 Shares at the Latest Practicable Date, representing approximately 19.65% 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.

(d) Marathon Asset Management Limited (Marathon), a UK incorporated company, notified the Company that it held 208,871,173 Shares of the Company in August 2008, representing approximately 6.48% of the Company's issued share capital at that time. At the Latest Practicable Date, the Company has not received any other notification from Marathon of any change to such holding.

(e) Lazard Asset Management LLC (Lazard), a US incorporated company, notified the Company that it held 193,365,000 Shares of the Company in July 2009, representing approximately 6.01% of the Company's issued share capital at that time. At the Latest Practicable Date, the Company has not received any other notification from Lazard of any change to such holding.

(f) The Capital Group Companies, Inc. ("Capital Group"), a US incorporated company, notified the Company that it held 183,097,080 Shares of the Company in October 2009, representing approximately 5.69% of the Company's issued share capital at that time. At the Latest Practicable Date, the Company has not received any other notification from Capital Group of any change to such holding.

As at the Latest Practicable Date, so far as was known to the Directors and chief executive of the Company, the following parties (other than the Directors or the chief executive of the Company) were, directly or indirectly, interested in ten per cent or more of the nominal value of any class of share capital (including any options in respect of such capital) carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of members of the Group	Name of shareholder	Approximate percentage of issued share capital held
PT Indofood Fritolay Makmur	Seven-Up Netherland B.V	49.0%
DMCI-MPIC Water Company Inc.	DMCI Holdings, Inc.	44.6%
PT Mentari Subur Abadi	PT Giat Sembada Sentosa	40.0%
PT Mega Citra Perdana	PT Purwa Wana Lestari	40.0%
PT Surya Rengo Containers	Rengo Company Ltd.	40.0%
PT Swadaya Bhakti Negaramas	PT Giat Sembada Sentosa	40.0%
PT Laju Perdana Indah	PT Bangun Sriwijaya Sentosa	32.0%
PT Indolakto	PT Perusahaan Dagang dan Industries Marison NV	29.5%
PT Putridaya Usahatama	Pandi Kusuma	22.5%
PT Putridaya Usahatama	Siti Sundari Rita	12.5%
PT Multi Agro Kencana Prima	Koperasi Perkebunan Karet Panca Usaha Mitra	20.0%
Manila North Tollways Corporation	Leighton Asia Limited	16.5%
Manila North Tollways Corporation	Egis Projects S.A.	13.9%
Metro Pacific Investments Corporation	The Board of Trustees For the Account of The Beneficial Trust Fund Created Pursuant to the Benefit Plan of PLDT	16.2%
PT Argha Giri Perkasa	PT Minamas Eramustika	13.6%
Indofood Singapore Holdings Pte. Ltd.	PT Mandiri Investama Sejati	12.9%
First Pacific Communications Holdings B.V.	Excella Trading Limited	12.5%
Pacsari Pte. Ltd.	Grace Shipping Ltd.	10.0%
PT Tani Andalas Sejahtera	Agus Suherman	10.0%
First Pacific Realty Partners Corporation	PCI Limited	18.9%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company was aware of any other person, other than a Director or a chief executive of the Company, who had an interest or short position in the Shares or underlying Shares of equity derivatives and debentures of the Company which would fall to be disclosed to the Company under the provisions of the Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in ten per cent or more of the nominal value of any class of share capital (including any option in respect of such capital) carrying rights to vote in all circumstances at general meetings of any other member of the Group.

(iii) Interests in Share Options

Particulars of the share options of the Company and its subsidiary company granted to the Directors and senior executives of the Company and its subsidiary company at the Latest Practicable Date are set out below.

(A) Particulars of the Company's Share Option Scheme

	Share options held at the Latest Practicable Date	Share options exercise price (HK$)	Grant date	Fully vested by	Exercisable from	Exercisable until
Executive Directors						
Manuel V. Pangilinan	31,800,000	1.76	1 June 2004	**December 2008**	June 2005	May 2014
	30,200,000	5.33	5 September 2007	**September 2012**	September 2008	September 2017
Edward A. Tortorici	18,200,000	5.33	5 September 2007	**September 2012**	September 2008	September 2017
Robert C. Nicholson	14,000,000	1.76	1 June 2004	**December 2008**	June 2005	May 2014
	15,500,000	5.33	5 September 2007	**September 2012**	September 2008	September 2017
Non-Executive Directors						
Ambassador Albert F. del Rosario	2,840,000	1.76	1 June 2004	**June 2005**	June 2005	May 2014
	3,160,000	5.33	5 September 2007	**September 2008**	September 2008	September 2017
Benny S. Santoso	2,840,000	1.76	1 June 2004	**June 2005**	June 2005	May 2014
	3,160,000	5.33	5 September 2007	**September 2008**	September 2008	September 2017
Independent Non-Executive Directors						
Graham L. Pickles	3,160,000	5.33	5 September 2007	**September 2008**	September 2008	September 2017
Prof. Edward K.Y. Chen *GBS, CBE, JP*	1,340,000	1.76	1 June 2004	**June 2005**	June 2005	May 2014
	3,160,000	5.33	5 September 2007	**September 2008**	September 2008	September 2017
Sir David W. C. Tang *KBE*	3,160,000	5.33	5 September 2007	**September 2008**	September 2008	September 2017
Senior Executives	29,032,000	1.76	1 June 2004	**December 2008**	June 2005	May 2014
	4,500,000	3.275	7 June 2006	**December 2010**	June 2007	June 2016
	42,220,000	5.33	5 September 2007	**September 2012**	September 2008	September 2017
Total	**208,272,000**					

(B) Particulars of MPIC's Share Option Scheme

	Share options held at the Latest Practicable Date	Share options exercise price (Peso)	Grant date	Fully vested by	Exercisable from	Exercisable until
Executive Directors						
Manuel V. Pangilinan	7,500,000	2.12	9 December 2008	**January 2010**	January 2009	January 2013
	7,500,000	2.73	10 March 2009	**March 2010**	March 2009	March 2013
Edward A. Tortorici	5,000,000	2.12	9 December 2008	**January 2010**	January 2009	January 2013
	5,000,000	2.73	10 March 2009	**March 2010**	March 2009	March 2013
Ambassador Albert F. del Rosario	2,500,000	2.12	9 December 2008	**January 2010**	January 2009	January 2013
	2,500,000	2.73	10 March 2009	**March 2010**	March 2009	March 2013
Senior Executives	38,635,000	2.12	9 December 2008	**January 2010**	January 2009	January 2013
	41,345,245	2.73	10 March 2009	**March 2010**	March 2009	March 2013
Total	**109,980,245**					

5. DIRECTORS' INTERESTS

(a) Service Contracts

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which was not expiring or determinable by the employer within one year without payment of compensation, other than statutory compensation.

(b) Assets of the Group

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which have, since 31 December 2008 (being the date to which the latest published audited consolidated financial statements of the Company were made up), been acquired or disposed of by, or leased to, the Company or any member of the Group, or were proposed to be acquired or disposed of by, or leased to, the Company or any member of the Group.

(c) Contracts of the Group

As at the Latest Practicable Date, save for Mr. Anthoni Salim's interests in the underlying contracts of the continuing connected transactions referred to in the Shareholders' circular dated 13 June 2008, none of the Directors were materially interested in any contract or arrangement entered into by any member of the Group subsisting at such date and which is significant in relation to the business of the Group.

6. DIRECTORS' INTERESTS IN COMPETING BUSINESS

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.

7. 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.

8. MATERIAL CONTRACTS

The following contracts have been entered into by the Group (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this Prospectus and are or may be material:

(a) the Underwriting Agreement, comprising the underwriting agreement dated 15 October 2009 entered into between the Company and the Underwriters, as amended by an amendment agreement dated 4 November 2009 entered into between the same parties;

(b) agreement dated 2 October 2009 between Metro Pacific Investments Corporation ("MPIC") and Beneficial Trust Fund established for the benefit of qualified employees of Philippine Long Distance Telephone Company ("BTF") relating to the sale and transfer to MPIC of 113,313,389 common shares in Manila Electric Company ("Meralco");

(c) subscription agreement dated 2 October 2009 by MPIC and BTF relating to subscription by and issue to BTF of 3,159,162,338 MPIC shares from the unissued capital stock of MPIC;

(d) placement agreement dated 19 September 2009 by MPIC and MPHI with CLSA Singapore Pte Ltd and UBS AG covering 4,150,000,000 common shares of MPIC, with an over-allotment option ("Over-Allotment Option") covering an additional 620,000,000 common shares of MPIC;

(e) greenshoe agreement dated 19 September 2009 between MPHI and CLSA Limited as over-allotment agent to regulate the exercise of the Over-Allotment Option;

(f) subscription agreement dated 19 September 2009 by MPHI and MPIC relating to top up subscription under the re-launch of the listed shares of MPIC;

(g) agreement dated 19 June 2009 between MPIC, AB Holdings Corporation ("ABHC") with the conformity of Landco Pacific Corporation ("Landco") and Alfred Xerez-Burgos, Jr. in relation to ABHC's acquisition from MPIC of 1,330,247 fully paid common shares of Landco;

(h) sale and assignment agreement dated 21 November 2008 between PT Salim Ivomas Pratama and Lyminton Pte Ltd in relation to the acquisition of 29.98% interest in PT Sarana Inti Pratama;

(i) sale and purchase agreement dated 21 November 2008 between PT Salim Ivomas Pratama, PT Mulia Abadi Lestari and PT Indoagri Inti Plantation in relation to the purchase of the remaining 30% interest of PT Mitra Inti Sejati Plantation;

(j) term sheet dated 3 October 2008 entered into between the Company and Philex Mining Corporation ("Philex") relating to an acquisition of an approximate aggregate 20.16% interest in Philex by a wholly owned subsidiary of the Company and a letter agreement dated 15 October 2008 supplementing the same;

(k) agreement dated 22 September 2008 between PT Indofood Sukses Makmur Tbk ("Indofood") and Pastilla Investment Limited ("Pastilla") in relation to the acquisition of share capital in Drayton Pte. Ltd. ("Drayton") and the assignment to Indofood of a loan owing by Drayton to Pastilla;

(l) agreement dated 9 September 2008 between MPIC, ABHC, Alfred Xerez-Burgos, Jr. and Landco in relation to certain call option;

(m) share purchase agreement dated 26 August 2008 between Benpres Holdings Corporation as Seller ("Benpres"), First Philippine Holdings Corporation as Seller ("FPH") and MPIC in respect of shares in First Philippine Infrastructure, Inc;

(n) agreement dated 27 June 2008 by Asset Holder PCC No.2 Limited in respect of Ashmore Asian Recovery fund, EMDCD Ltd., Ashmore Global Special Situations Fund 4 Limited Partnership, Ashmore Global Special Situations Fund 2 Limited, Ashmore Global Special Situations Fund 3 Limited Partnership as Assignors and Salient Holdings Limited, a wholly owned subsidiary of the Company, as Assignee for purchase of DMCI-MPIC Water Company Inc.'s convertible notes;

(o) agreement dated 27 June 2008 on repayment of the exchangeable notes (exchangeable into shares of Maynilad Water Services, Inc.) by Metro Pacific Investments Corporation to Inframetro Investments Pte Ltd;

(p) share subscription agreement dated 9 May 2008 by PT Salim Ivomas Pratama with (i) PT Bangun Sriwijaya Sentosa, (ii) PT Lajuperdana Indah (the "Target Company") and (iii) the minority shareholders of the Target Company in relation to subscription of 60% new equity in the Target Company.

9. MISCELLANEOUS

(a) The Company Secretary of the Company is Ms. Nancy L.M. Li, MSc (Corporate Governance and Directorship), BA, FCS(PE), FCIS.

(b) The qualified accountant of the Company is Mr. Richard L. Beacher, BA(Hons) in Economics and Accounting, FCCA, CPA.

(c) The registered office of the Company is at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda. The principal office of the Company is at 24th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong.

(d) The principal share registrar and transfer office is Butterfield Fulcrum Group (Bermuda) Limited, Rosebank Centre, 11 Bermudiana Road, Pembroke, HM08, Bermuda.

(e) The share registrar and transfer office (Hong Kong Branch) is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(f) The Company's auditors are Ernst & Young, Certified Public Accountants, of 18th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong.

(g) The Company's legal advisers in relation to the Rights Issue are (i) as to Hong Kong law, Richards Butler, in association with Reed Smith LLP, of 20th Floor, Alexandra House, 16-20 Chater Road, Central, Hong Kong, (ii) as to Bermuda law, Conyers Dill & Pearman, Room 2901, One Exchange Square, 8 Connaught Place, Central, Hong Kong and (iii) as to US law, Davis Polk & Wardwell LLP, 18th Floor, The Hong Kong Club Building, 3A Chater Road, Hong Kong.

(h) The Company's principal bankers are Calyon Corporate and Investment Bank, Mizuho Corporate Bank, Ltd, Standard Chartered Bank, Banco de Oro Unibank, Inc and Metropolitan Bank and Trust Company.

(i) The Company's authorised representatives (as defined in the Listing Rules) are (A) Mr. Manuel V. Pangilinan and (B) Mr. Edward A. Tortorici, together with Mr. Robert C. Nicholson (alternate to (A)) and Ms. Nancy L.M. Li (alternate to (B)).

10. QUALIFICATIONS OF EXPERT

The following is the qualification of the expert who has given an opinion or advice which is contained in this Prospectus ("Expert"):

Name	**Qualification**
Ernst & Young	Certified Public Accountants

11. EXPERT'S INTERESTS IN ASSETS

The Expert has confirmed that as at the Latest Practicable Date, it does not have any 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 in any member of the Group.

The Expert has further confirmed that as at the Latest Practicable Date it does not have any direct or indirect interests in any assets or any securities of the Company or any member of the Group which have since 31 December 2008 (being the date to which the latest published audited accounts of the Company were made up) been acquired or disposed of by, or leased to, the Company or any member of the Group, or which are proposed to be acquired or disposed of by, or leased to, the Company or any member of the Group.

12. CONSENT OF EXPERT

The Expert has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its letter and/or references to its name in the form and context in which it appears.

13. EXPENSES

The expenses in connection with the Rights Issue, including the underwriting commission, printing, registration, translation, legal and accounting charges are estimated to be approximately HK$40.7 million and will be payable by the Company.

14. GENERAL

In case of discrepancy or differences in interpretation, the English text of this Prospectus prevails over the Chinese text.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at 24th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong, on any weekday, except public holidays, for 14 days from the date of this Prospectus:

(a) this Prospectus;

(b) the memorandum of association and Bye-laws of the Company;

(c) the annual reports of the Company for the two years ended 31 December 2007 and 31 December 2008;

(d) the interim report of the Company for the six months ended 30 June 2009;

(e) the letter from Ernst & Young on the unaudited pro forma financial information of the Group dated 4 November 2009, the text of which is set out in Appendix II to this Prospectus;

(f) the material contracts referred to in the section headed "Material Contracts" in this Appendix III; and

(g) the written consent from the Expert referred to in the section headed "Consent of Expert" in this Appendix III.

16. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of each of the Prospectus Documents and the written consent referred to in the paragraph headed "Consent of Expert" in this Appendix III have been delivered to the Registrar of Companies in Hong Kong for registration as required by Section 342C of the Companies Ordinance.

A copy of each of the Prospectus Documents will be delivered to the Registrar of Companies in Bermuda on or as soon as reasonably practicable after the publication of this Prospectus as required by the Companies Act 1981 of Bermuda.

Important Note to QIBs:

Please return a duly signed investor representation letter to First Pacific Company Limited (the "**Company**"), by mail, fax or email to companysecretary@firstpacific.com to the Company so as to reach the Company on or before 1:00 p.m. on Wednesday, 11 November 2009 (Hong Kong time). If you are a Beneficial Owner, please also forward a copy of the signed investor representation letter to your Intermediary or Registered Owner (which references, for the avoidance of doubt, exclude and are not intended to refer to HKSCC Nominees Limited). You should note that if you do not return a duly signed investor representation letter in a timely manner, you may not be eligible to participate in the Rights Issue and will not be allowed to receive the Prospectus Documents, including the PAL and the EAF.

Dated ______________________ 2009

First Pacific Company Limited
24th Floor, Two Exchange Square
8 Connaught Place, Central
Hong Kong
Fax: +852 2810 4313
Email: companysecretary@firstpacific.com
Attention: Nancy Li, Company Secretary

Ladies and Gentlemen:

This letter is delivered in connection with our exercise of subscription rights to subscribe for shares (the "**Shares**") by way of a private placement in the capital of the Company in connection with the rights issue (the "**Rights Issue**") of 643,387,400 rights Shares ("**Rights Shares**"), including the rights in nil paid form to subscribe for Rights Shares ("**Nil-Paid Rights**" and, together with the Rights Shares, the "**Securities**") on the basis of 1 Rights Share for every 5 existing Shares held (or held by us through CCASS), as at 5:00 p.m. on the record date for the Rights Issue, being 4 November 2009. We hereby represent, warrant and agree that at all times before the settlement of the Rights Issue:

1. We are a "qualified institutional buyer" ("**QIB**") (as defined in Rule 144A under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), with the full power and authority to make the acknowledgements, representations and agreements contained herein, and, if we are acquiring the Securities as a fiduciary or agent for one or more investor accounts, each owner of such account is a QIB, we have investment discretion with respect to each such account, and we have the full power and authority to make the acknowledgements, representations and agreements contained herein on behalf of each owner of such account and, in such event, the references to us in such acknowledgements, representations and agreements contained herein shall be read to include each owner of such account.

2. We are an existing shareholder of the Company and are acquiring the Securities for our own account, or for the account of one or more QIB(s) as to which we have full investment discretion, in each case for investment purposes, and not with a view to any resale, distribution or other disposition (within the meaning of the U.S. securities laws) of the Securities.

   We understand (and each account for which we are acting has been advised and understands) that no action has been or will be taken to permit an offering of the Securities in any jurisdiction (other than the registration of the Prospectus with the Registrar of Companies of Hong Kong and the Registrar of Companies in Bermuda); and we will not offer, resell, pledge or otherwise transfer any of the Securities which we may acquire, or any beneficial interests therein, in any jurisdiction or in any circumstances in which such offer or sale is not authorised or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws and/or regulations.

3. Without limiting the generality of the foregoing, we understand (and each account for which we are acting has been advised and understands) that the Securities have not been and will not be registered under the Securities Act, and are being offered and sold to us (or such beneficial owner) in a transaction not involving a public offering, or in reliance on an exemption from the registration requirements of the Securities Act, which may include Rule 144A.

4. We understand and agree (and each account for which we are acting has been advised and understands) that the Securities are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act and may not be deposited into any unrestricted depositary receipt facility, including but not limited to the existing American Depositary Receipts ("ADRs") facility maintained by Bank of New York Mellon (the "**Depositary**"), as depositary for the Company's ADRs, unless at the time of deposit such Securities are no longer "restricted securities" within the meaning of Rule 144(a)(3) of the Securities Act.

5. We acknowledge that, regardless of whether our current holding is in the form of ordinary shares or American Depositary Shares ("ADSs"), to the extent we participate in the Rights Issue (conditional upon meeting certain requirements, including inter alia our completing, signing and delivery of this letter as instructed) and acquire any Rights Shares, we will receive such Rights Shares in the form of ordinary shares and not in the form of ADSs. We further acknowledge that until one year after the latest date on which the Rights Shares are delivered in the Rights Issue (which is currently expected to be 27 November 2009) or until the Rights Shares are no longer "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, no depositary will accept deposits of the Rights Shares in any ADR facility, or permit pre-releases of the Company's ADSs from any ADR facility, unless we (or a broker on our behalf) certify, among other things, that the shares to be deposited were not subscribed or purchased pursuant to the Rights Issue, and that we have not borrowed shares to be deposited with the intention of replacing them with Rights Shares subscribed or purchased pursuant to the Rights Issue.

6. We acknowledge that the Shares are listed on The Stock Exchange of Hong Kong Limited (the "**HKSE**") and that the Company is therefore required to publish certain business and financial information in accordance with the rules and practices of the HKSE (the "**Exchange Information**") and that we are able to obtain or access such information without undue difficulty. We understand that the Exchange Information has been prepared in accordance with the HKSE format, style and content, which differs from US format, style and content. We understand that the financial statements included in the Prospectus (as defined below) were not prepared in connection with an offering registered with the US Securities and Exchange Commission (the "**SEC**") under the Securities Act. Furthermore, we understand that the work has not been carried out in accordance with auditing standards generally accepted in the United States of America and accordingly should not be relied upon as if it has been carried out in accordance with those standards. None of the Company, the underwriters who may be associated with the Rights Issue (the "**Underwriters**") nor any of their respective affiliates has made any recommendation, promise, representation or warranty to us, express or implied, with respect to the Company, the Rights Issue or the Securities or the accuracy, completeness or adequacy of the Exchange Information.

7. We are not acquiring or subscribing for the Securities as a result of any general solicitation or general advertising, including advertisements, articles, notices, or other communications published in any newspaper, magazine or similar media or broadcast over radio or television; or any seminar or meeting whose attendees have been invited by general solicitation or general advertising.

8. Provided that we have returned and duly signed this investor representation letter in a timely manner, we understand that we will receive a copy of the prospectus dated 4 November 2009 relating to the Securities (the "**Prospectus**"), and will have access to the financial and other information regarding the Company and the Securities as we will have requested in connection with our investment decision to subscribe for and purchase the Securities. We agree that we will hold the Prospectus in confidence, it being understood that the Prospectus will be received by us solely for our use and that we will not duplicate, distribute, forward, transfer or otherwise transmit the Prospectus, any provisional allotment letter or excess application form relating to the Rights Issue, or any other materials concerning the Rights Issue (including electronic copies thereof) to any persons within the US, and agree that such materials shall not be duplicated, distributed, forwarded, transferred or otherwise transmitted by us. We have not relied on financial or other information supplied to us by any person other than information contained in the Prospectus or information provided by the Company. We have made our own assessment concerning the relevant tax, legal and other economic considerations relevant to our investment in the Securities including whether the Company and any of its direct or indirect subsidiaries is a "passive foreign investment company" (a "**PFIC**") within the meaning of section 1297 of the U.S. Internal Revenue Code of 1986, as amended, and the consequences of the acquisition, ownership and disposition of a direct or indirect interest in a PFIC. We understand that if the Company were determined to be a PFIC, there would be adverse tax consequences for a U.S. holder of the Securities.

9. We acknowledge that (a) any information that we have received or will receive relating to the Rights Issue and the Securities, including the Prospectus and the Exchange Information (collectively, the "**Information**"), has been prepared solely by the Company and (b) that none of the Underwriters, or their respective affiliates, has verified or will verify such information, and no recommendation, promise, representation or warranty (express or implied) is or has been made or given by any of the Underwriters or their respective affiliates as to the accuracy, completeness or sufficiency of the Information, and nothing contained in the Information is, or shall be relied upon as, a promise, representation or warranty by them or their affiliates. Neither the Underwriters nor any of their affiliates are under any obligation to provide us with any amendment, update or replacement information with respect to the Information.

10. We understand that, to the extent the Rights Shares are delivered in certificated form, the certificate delivered in respect of the Rights Shares will bear a legend substantially to the following effect for so long as the Rights Shares are ''restricted securities'' within the meaning of Rule 144(a)(3) under the Securities Act:

''THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE US SECURITIES ACT OF 1933 (THE "US SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE US, AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE US SECURITIES ACT ("RULE 144A") OR ANOTHER EXEMPTION FROM, OR TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE US SECURITIES ACT OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE US SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), IN EACH CASE, IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE US. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE US SECURITIES ACT FOR RESALES OF THESE SHARES. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THESE SHARES MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY IN RESPECT OF THE COMPANY'S SHARES, ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK FOR SO LONG AS THESE SHARES REMAIN "RESTRICTED SECURITIES" WITHIN THE MEANING OF RULE 144A(a)(3)."

11. Prior to deciding to subscribe for the Securities, we (a) will have consulted with our own legal, regulatory, tax, business, investment, financial and accounting advisers in each jurisdiction in connection herewith to the extent we have deemed necessary, (b) will have possessed all information relating to the Company and the Securities which we believe is necessary for the purpose of making our investment decision, (c) will have had a reasonable opportunity to ask questions of and receive answers from officers and representatives of the Company concerning the respective financial condition and results of operations of the Company and the subscription for the Securities, and any such questions will have been answered to our satisfaction, (d) will have reviewed all information that we believe is necessary or appropriate in connection with a subscription for the Securities and (e) will have conducted our own due diligence on the Company and the Rights Issue, and will have made our own investment decisions based upon our own judgment, due diligence and advice from such advisers as we have deemed necessary and will not have relied upon any recommendation, promise, representation or warranty of or view expressed by or on behalf of the Underwriters or their respective affiliates (including any research reports).

12. We will not hold the Underwriters or any of their respective affiliates responsible for any misstatements in or omissions in the Information or in any other written or oral information provided by the Company to us. We acknowledge that no written or oral information relating to the Rights Issue and the Securities has been or will be provided by the Underwriters or any of their respective affiliates to us.

13. We understand and agree that we may not rely, and we have not relied, on any investigation that the Underwriters or any of their respective affiliates or any person acting on their behalf has conducted with respect to the Rights Issue or the Securities, and neither of them nor any affiliate thereof, nor any of their respective affiliates, employees, officers, directors or representatives has made any recommendation, promise, representation or warranty to them, express or implied, with respect to the Company, the Rights Issue or the Securities.

14. We have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Securities, and we have the financial ability to bear the economic risk of investment in the Securities and to sustain a complete loss in connection therewith. We will not look to the Company or any of the Underwriters for all or part of any such loss or losses we may suffer.We have no reason to anticipate any change in our circumstances, financial or otherwise, which may cause or require any sale or distribution by us of all or any part of any Securities we may decide to invest in.

15. We agree that in the event that at some future time we wish to reoffer, resell, pledge or otherwise transfer any of the Securities, we will not do so except in accordance with any applicable U.S. federal law and securities laws of any state of the US and we certify that either:

    (a) we will transfer the Securities in an offshore transaction in accordance with Rule 903 or 904 of Regulation S under the Securities Act, which includes for the avoidance of doubt a bona fide sale on the HKSE that has not been prearranged with any counterparty thereto;

(b) we will transfer the Securities in a transaction exempt from the registration requirements of the Securities Act and, if requested by the Company, provide an opinion of counsel reasonably satisfactory to the Company which states that the transfer is exempt from the registration requirements of the Securities Act; or

(c) we will transfer the Securities pursuant to an effective registration statement under the Securities Act.

We understand and acknowledge that the Underwriters are assisting the Company in respect of the Rights Issue and that the Underwriters are acting solely for the Company and no one else in connection with the Rights Issue and, in particular, are not providing any service to us, making any recommendations to us, advising us regarding the suitability of any transactions we may enter into to subscribe or purchase any Securities or providing advice to us in relation to the Company, the Rights Issue or the Securities. Further, to the extent permitted by law, we waive any and all claims, actions, liabilities, damages or demands we may have against the Underwriters arising from their engagement with the Company.

We have full power and authority to execute and deliver this letter, which constitutes our valid and legally binding obligation and is enforceable against us in accordance with its terms.

16. We acknowledge that the Company, the Underwriters and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations, warranties and agreements and agree that the foregoing acknowledgements, representations, warranties and agreements will be valid as if repeated at all times up to the settlement of the Rights Issue.

We understand that the Company, the Underwriters and their respective affiliates are relying on this letter in order to comply with U.S. and other securities laws. We irrevocably authorise any depository, which includes any nominee, custodian or other financial intermediary through which we hold Shares, to provide the Company and each of the Underwriters with a copy of this letter and such information regarding our identity and holding of Shares (including pertinent account information and details of our identity and contact information) as is necessary or appropriate to facilitate our acquisition or exercise of Nil-Paid Rights or purchase of Rights Shares. We also irrevocably authorise the Company, the Underwriters and their respective affiliates to produce this letter or a copy hereof to any interested party in any administrative, arbitration or legal proceeding or official inquiry with respect to the matters set forth herein.

Very truly yours,

By Institution: ______________________________

Signature ______________________________

Name:

Title:

Institution's Address:

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Daytime Telephone Number: ______________________________

If signing on behalf of another person,
please indicate the capacity in which signed:

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Name, address and contact details of the financial intermediary or nominee in Hong Kong through which the Shares are held:

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