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## **FIRST PACIFIC COMPANY LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00142)**

### **CONNECTED TRANSACTION**

The Board is pleased to announce that on 16th August 2006, PT Salim Ivomas Pratama, a 84% owned subsidiary of Indofood, as Purchaser, entered into a conditional sale and purchase agreement with Rascal Holdings Limited as Vendor, in relation to the purchase by the Purchaser, and the sale by the Vendor, of the Sale Shares, representing a 60% shareholding interest in the Plantation Companies. Indofood in turn is a 51.5% owned subsidiary of the Company. The Purchase Consideration of IDR125 billion (equivalent to approximately US\$13.7 million and HK\$107.1 million) will be satisfied in cash from the internal resources of the Indofood Group.

Completion of the Agreement and the Acquisition, is conditional upon various conditions precedent, details of which are set out in the paragraph headed “**Acquisition**” of this announcement.

The Vendor is indirectly and beneficially wholly-owned by Mr. Salim, the controlling shareholder, a Director and the Chairman of the Company. Accordingly, the Vendor constitutes an associate of a connected person. Under Rule 14A.13(1)(a) of the Listing Rules, the Acquisition would constitute a connected transaction for the Company.

Each of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Purchase Consideration is more than 0.1% but less than 2.5%. Accordingly, the Agreement is subject to the disclosure and reporting requirements under Rule 14A.32 of the Listing Rules but no shareholders’ approval is required under the Listing Rules.

Details of the Agreement will be included in the published annual reports of the Company for the financial year ending 31st December, 2006 in accordance with Rule 14A.45 of the Listing Rules.

## **ACQUISITION**

The Board is pleased to announce that on 16th August 2006, the Purchaser entered into the Agreement with the Vendor for the purchase by the Purchaser, and the sale by the Vendor, of the Sale Shares. The Purchase Consideration of IDR125 billion (equivalent to approximately US\$13.7 million and HK\$107.1 million) is subject to a share valuation report to be issued by an independent valuer appointed by the Purchaser as to a range of the fair value of the Sale Shares as soon as practicable. In the event that the Purchase Consideration is more or less than the range of values provided by such independent valuer, either of the Purchaser or the Vendor (as the case may be) would re-negotiate the Purchase Consideration to reflect such valuation and amend the Agreement accordingly. The Purchase Consideration was arrived at after arms length negotiations between parties on normal commercial terms and with reference to the Purchaser's analysis and estimate of the prevailing market conditions and market values and production capacity of the plantations land owned by the Plantation Companies.

The Purchase Consideration will be satisfied in cash from internal resources of the Indofood Group.

Completion of the Agreement and the Acquisition, is conditional upon the following:

1. the independent shareholders of Indofood has approved the Acquisition in accordance with relevant and applicable regulations in Indonesia;
2. relevant regulatory and/or governmental approval has been obtained;
3. all necessary approvals from creditors of the Plantation Companies regarding the Acquisition (if any) have been obtained;
4. relevant resolutions of the board of directors and the shareholders of the Vendor have been passed;
5. the completion of a legal, financial and operational due diligence review in connection with the business activities of the Plantation Companies;
6. no court or other governmental body shall have issued an order which shall then be in effect restraining or prohibiting the completion of the Acquisition;
7. each of the representations and warranties of the Vendor under this Agreement must be accurate in all material respects as of the Completion Date; and
8. all material governmental and third party approvals and consents necessary for the consummation of the Acquisition under this Agreement shall have been received.

Subject to applicable law and regulation, the Purchaser may at any time, in its sole and absolute discretion, waive (in whole or part) the conditions above.

Completion of the Acquisition is intended, unless otherwise agreed to by the parties, to take place on or prior to 31st December 2006.

## **LISTING RULES IMPLICATIONS OF THE ACQUISITION**

The Vendor is a company incorporated in the British Virgin Islands and indirectly and beneficially wholly-owned by Mr. Salim, the controlling shareholder, a Director and the Chairman of the Company. Accordingly, the Vendor constitutes an associate of a connected person. Under Rule 14A.13(1)(a) of the Listing Rules, the Acquisition would constitute a connected transaction for the Company.

Each of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Purchase Consideration is more than 0.1% but less than 2.5%. Accordingly, the Agreement is subject to the disclosure and reporting requirements under Rule 14A.32 of the Listing Rules but no shareholders' approval is required under the Listing Rules.

Details of the Agreement will be included in the published annual reports of the Company for the financial year ending 31st December, 2006 in accordance with Rule 14A.45 of the Listing Rules.

In the event of any changes in the Purchase Consideration which would trigger the requirements under Chapter 14 of the Listing Rules, the Company will comply with all applicable requirements set out thereunder as necessary and appropriate at the relevant time.

### **RATIONALE FOR THE ACQUISITION**

The Indofood Group is a major producer of edible oils and fats with a stable of widely accepted and recognised brands. Its business in this regard is vertically integrated with an operation which includes oil palm seed breeding, cultivation of oil palm, production and refining of oils, marketing of end products and brand management. The Acquisition is intended to supplement the existing plantation assets of the Indofood Group in line with Indofood's long term strategy to expand its oil palm plantation to strengthen its edible oils and fats strategic business. The Acquisition will enable Indofood to enhance its competitive advantage in the industry and increase its revenue growth.

### **DIRECTORS' OPINION**

The Board (including the independent non-executive directors of the Company) consider that the Agreement has been entered into on normal commercial terms, that such terms are fair and reasonable and that they are in the best interest of the Company and its shareholders as a whole so long as the conditions precedent to the Agreement (including the provision of the share valuation report) shall have been satisfied.

### **INFORMATION IN RESPECT OF THE COMPANY AND INDOFOOD**

The Company is a Hong Kong based investment and management company with operations located in Southeast Asia. The Company's principal business interests relate to telecommunications and consumer food products.

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

### **INFORMATION IN RESPECT OF THE VENDOR**

The Vendor is a company incorporated in the British Virgin Islands and indirectly and beneficially owned by Mr. Salim. Its principal business activity is investment holding.

## **INFORMATION IN RESPECT OF THE PLANTATIONS COMPANIES**

The Plantation Companies comprise of the following:

1. PT Swadaya Bhakti Negaramas is a limited liability company incorporated in Indonesia which owns 14,000 hectares of plantation land, located in South Sumatra, Indonesia;
2. PT Mentari Subur Abadi is a limited liability company incorporated in Indonesia which owns, directly or indirectly, 19,000 hectares of plantation land, located in South Sumatra, Indonesia and 16,500 hectares of plantation land, located in Central Kalimantan, Indonesia; and
3. PT Mega Citra Perdana is a limited liability company incorporated in Indonesia which owns indirectly 36,041 hectares of plantation land, located in East Kalimantan, Indonesia.

As at the date of this announcement, the plantation land owned by the Plantation Companies is anticipated to be utilised for oil palm plantation. The Plantation Companies incurred net losses before taxation and extraordinary items in the amounts of approximately IDR69.1 million (equivalent to approximately US\$7,600 and HK\$59,000) and IDR1.4 billion (equivalent to approximately US\$154,000 and HK\$1.2 million) for the financial years ended 31st December 2004 and 2005 immediately preceding the date of this announcement. The Plantation Companies incurred net losses after taxation and extraordinary items in the amounts of approximately IDR48.4 million (equivalent to approximately US\$5,300 and HK\$41,500) and IDR1.1 billion (equivalent to approximately US\$121,000 and HK\$943,000) for the financial years ended 31st December 2004 and 2005 immediately preceding the date of this announcement. The plantation land owned by the Plantation Companies is in the initial stages of development and therefore no revenue has been generated by the Plantation Companies as at 30th June, 2006. Such losses were incurred as a result of administrative costs. The book value attributable to the Sale Shares as at 31st December 2005 is IDR52.4 billion (equivalent to approximately US\$5.8 million and HK\$44.9 million). The total cost of investment of the Sale Shares as at 30th June 2006 is IDR 99.2 billion (equivalent to approximately US\$10.9 million and HK\$85.1 million).

## **DEFINITIONS**

“Acquisition”	the proposed acquisition of the Sale Shares by the Purchaser from the Vendor pursuant to the terms of the Agreement;
“Agreement”	a conditional sale and purchase agreement dated 16th August 2006 entered into by the Purchaser with the Vendor for the purchase by the Purchaser from the Vendor of the Sale Shares;
“associate”	has the meaning ascribed thereto under the Listing Rules;
“Board”	board of directors;
“Company”	First Pacific Company Limited, a company incorporated in Bermuda with limited liability and having its shares listed on the Stock Exchange;

“Completion Date”	the date of completion of the Acquisition in accordance with the terms of the Agreement;
“Director(s)”	the director(s) of the Company;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“IDR”	Indonesian Rupiah, the lawful currency of Indonesia;
“Indofood”	PT Indofood Sukses Makmur Tbk, a company incorporated in Indonesia with limited liability whose shares are traded on the Jakarta and Surabaya stock exchanges and a 51.5 per cent. owned subsidiary of the Company;
“Indofood Group”	Indofood and its subsidiaries from time to time;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Salim”	Mr. Anthoni Salim, the controlling shareholder, a Director and the Chairman of the Company;
“Plantations Companies”	PT Swadaya Bhakti Negaramas, PT Mentari Subur Abadi and PT Mega Citra Perdana, all of which are limited liability companies incorporated in Indonesia and 60% owned subsidiaries of the Vendor as at the date of this announcement;
“Purchase Consideration”	the consideration in the amount of IDR125 billion (equivalent to approximately US\$13.7 million and HK\$107.1 million) payable by the Purchaser to the Vendor in cash for the Acquisition pursuant to the Agreement;
“Purchaser”	PT Salim Ivomas Pratama, a company incorporated in Indonesia and a 84% owned subsidiary of Indofood as at the date of this announcement;
“Sale Shares”	60% of the entire issued share capital of each of the Plantation Companies with IDR 1,000,000 each in the capital of each of the Plantation Companies;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“US\$”	United States dollars, the lawful currency of the United States of America; and
“Vendor”	Rascal Holdings Limited, a limited liability company incorporated in the British Virgin Islands and indirectly and beneficially wholly-owned by Mr. Salim as at the date of this announcement, and therefore an associate of Mr. Salim.

In this announcement, translations of quoted currency values are made on an approximate basis and at the rate of HK\$7.80 = US\$1.00 = IDR9,100. Percentages and figures expressed in millions have been rounded.

By Order of the Board  
**First Pacific Company Limited**  
**Nancy L.M. Li**  
*Company Secretary*

Hong Kong, 23rd August 2006

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

Anthoni Salim, *Chairman*  
Manuel V. Pangilinan,  
*Managing Director and CEO*  
Edward A. Tortorici  
Robert C. Nicholson  
Ambassador Albert F. del Rosario  
Edward K.Y. Chen\*, *GBS, CBE, JP*

Tedy Djuhar  
Sutanto Djuhar  
Ibrahim Risjad  
Benny S. Santoso  
Graham L. Pickles\*  
David W.C. Tang\*,  
*OBE, Chevalier de L'Ordre des  
Arts et des Lettres*

\* *Independent Non-executive Directors*

*Please also refer to the published version of this announcement in South China Morning Post and Hong Kong Economic Times.*