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## **FIRST PACIFIC COMPANY LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 00142)**

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

### **ANNOUNCEMENT**

#### **PROPOSED SUBSCRIPTION OF NEW SHARES REPRESENTING 60% OF THE ENLARGED SHARE CAPITAL OF PT LAJUPERDANA INDAH BY PT SALIM IVOMAS PRATAMA**

#### **CONNECTED TRANSACTION**

Shareholders are referred to the Overseas Regulatory Announcement published by the Company dated 13 May 2008.

The Company announced in the Overseas Regulatory Announcement that SIMP, an indirect subsidiary of the Company and a subsidiary of Indo Agri (which is also an indirect subsidiary of the Company), has on 9 May 2008 entered into a conditional share subscription agreement with (i) PT BSS, (ii) PT Lajuperdana Indah (the Target Company) and (iii) the Minority Shareholders of the Target Company, pursuant to which the Target Company has agreed to issue, and SIMP has agreed to subscribe for, 187,500 new shares having a nominal value of Rp1,000,000 (approximately US\$108 or HK\$844) each in the share capital of the Target Company, representing 60% of the enlarged total number of issued shares in the Target Company, for an aggregate cash consideration of Rp375 billion (which is equivalent to approximately US\$40.6 million or HK\$316.6 million), upon the terms and subject to the conditions of the Subscription Agreement.

As at the date of this announcement, the Company is interested in approximately 29.8% economic interest in Indo Agri, which in turn holds 90% of the issued share capital of SIMP.

PT BSS and the Target Company are members of the group of companies controlled by Mr. Anthoni Salim. The Salim Group in turn is a controlling shareholder of the Group. Accordingly, PT BSS and the Target Company are Associates of the Salim Group and therefore connected persons of the Company under the Listing Rules. Therefore, the Proposed Subscription also constitutes a connected transaction for the Company under the Listing Rules. As the relevant applicable percentage ratios (as defined in the Listing Rules) for the Proposed Subscription exceed 0.1% but do not exceed 2.5%, the Proposed Subscription is only subject to reporting and announcement requirement and is exempt from independent shareholders' approval requirements pursuant to Rule 14A.32 of the Listing Rules.

## INTRODUCTION

Shareholders are referred to the overseas regulatory announcement published by the Company dated 13 May 2008 (the “Overseas Regulatory Announcement”). Unless otherwise defined or the context otherwise requires, all capitalised terms referred to herein shall have the meanings ascribed to them in the Overseas Regulatory Announcement.

The Company announced in the Overseas Regulatory Announcement that SIMP, an indirect subsidiary of the Company and a subsidiary of Indo Agri (which is also an indirect subsidiary of the Company) has on 9 May 2008 entered into a share subscription agreement (the “Subscription Agreement”) with (i) PT BSS, (ii) PT Lajuperdana Indah (“the Target Company”) and (iii) the Minority Shareholders, pursuant to which the Target Company has agreed to issue, and SIMP has agreed to subscribe for, 187,500 new shares having a nominal value of Rp1,000,000 (approximately US\$108 or HK\$844) each in the share capital of the Target Company (the “New Shares”), representing 60% of the enlarged total number of issued shares in the Target Company, for an aggregate cash consideration of Rp375 billion (which is equivalent to approximately US\$40.6 million or HK\$316.6 million) (“Subscription Consideration”), upon the terms and subject to the conditions of the Subscription Agreement (the “Proposed Subscription”). The Proposed Subscription also constitutes a connected transaction for the Company under the Listing Rules for the reasons set out under the heading “Listing Rules Implications”, below.

The shareholding structures of the Target Company before and after the Proposed Subscription are set out below:

	<b>Before</b>		<b>After</b>	
	<i>No. of shares</i>	<i>%</i>	<i>No. of shares</i>	<i>%</i>
Indo Agri	–	–	187,500	60.0
PT BSS	100,000	80	100,000	32.0
Minority Shareholders	22,500	18	22,500	7.2
Darsono	2,500	2	2,500	0.8
Total	<u>125,000</u>	<u>100</u>	<u>312,500</u>	<u>100</u>

Following completion of the Proposed Subscription, the Target Company will be accounted for as a subsidiary of the Company.

## TERMS OF THE AGREEMENT

A summary of the salient terms of the Subscription Agreement is as follows:

Date: 9th May, 2008

Parties: PT Salim Ivomas Pratama (SIMP)  
PT Bangun Sriwijaya Sentosa (PT BSS)  
PT Lajuperdana Indah (Target Company)  
Irsan Samsuddin, Iwan Samsuddin and Suriati Samsuddin (Minority Shareholders)

Transaction: Subscription by SIMP of 187,500 new shares in the share capital of the Target Company

Consideration: Rp375 billion (equivalent to approximately US\$40.6 million or HK\$316.6 million) in cash (“Subscription Consideration”).

The consideration is payable by SIMP as follows:–

- (a) within 3 business days after the date of the Subscription Agreement, SIMP shall pay a deposit of 10% of the Subscription Consideration (the “Deposit”) to the Target Company; and
- (b) the balance of the Subscription Consideration shall be payable by SIMP to the Target Company on completion of the Proposed Subscription.

The Subscription Consideration and the issue price per share of the New Shares were determined after taking into consideration, amongst other things, the net asset value and the business prospects of the Target Company and is proposed to be financed by way of internal resources.

Conditions Precedent: Completion of the Proposed Subscription is conditional upon, amongst other things (the “Conditions Precedent”):

- (i) SIMP being in its sole and absolute discretion satisfied with the results of a due diligence carried out on the Target Company;
- (ii) the Target Company having received all necessary approvals and consents from all relevant government, statutory, regulatory and other authorities and third parties including Badan Koordinasi Penanaman Modal (BKPM) (if required) in relation to the Proposed Subscription;
- (iii) the Target Company having obtained all necessary approvals, consents and authorisations required under its constitutional documents, in relation to the Proposed Subscription;
- (iv) the Target Company, PT BSS and the Minority Shareholders having obtained the approval of their respective creditors (if required) in relation to the change of shareholders of the Target Company, on terms satisfactory to SIMP;
- (v) all the existing members of the Board of Directors and the Board of Commissioners of the Target Company appointed by PT BSS and the Minority Shareholders having tendered their resignation from the Board of Directors and the Board of Commissioners of the Target Company as of the completion date of the Proposed Subscription;

- (vi) the Target Company having obtained the approval of its shareholders in general meeting for the increase in the authorised and issued share capital of the Target Company, the change in the categorisation of the Class A shares and the Class B shares into one class of shares, the waiver of the pre-emption rights by the other shareholders of the Target Company, the participation of SIMP as a new shareholder in the Target Company and the appointment of such persons as SIMP may nominate as directors and commissioners of the Target Company;
- (vii) the Target Company, PT BSS and the Minority Shareholders having obtained all waivers, releases, consents and authorisations which are necessary or required under any existing contractual, financing or security arrangements binding on the Target Company, PT BSS or the Minority Shareholders (as the case may be); and
- (viii) SIMP and its parent companies having obtained the approvals required under their respective constitutional documents and prevailing laws, regulations and stock exchange rules in their respective jurisdictions of incorporation, for the Proposed Subscription.

**Completion:**

Completion of the Subscription Agreement is subject to the satisfaction of the Conditions Precedent and is to take place five business days after the last in time of the Conditions Precedent is satisfied or waived (as the case may be) or such other date as may be agreed in writing between the parties.

In the event the Subscription Agreement is terminated by SIMP due to a material breach of any provision in the Subscription Agreement by PT BSS and/or the Target Company and such breach has not been waived in writing by SIMP, or in the event any of the Conditions Precedent has not been satisfied on or before 31 July 2008 or such other date as the parties may mutually agree in writing (the “Long-Stop Date”), or if satisfaction of certain of the conditions by the Long-Stop Date is or becomes impossible and SIMP has not waived in writing such condition(s), the Deposit (plus interest based on the fixed deposit rate quoted by a bank designated by SIMP) shall be refunded by the Target Company to SIMP in full.

In the event that the Subscription Agreement is terminated by PT BSS and/or the Target Company as a result of a failure by SIMP to comply with its obligations to pay the balance of the Subscription Consideration on the completion date of the Proposed Subscription, the Target Company will be required to refund to SIMP the Deposit (without any interest thereon).

**REASON FOR THE PROPOSED SUBSCRIPTION**

The Indo Agri Group is a vertically integrated agribusiness group with business operations that range from research and development in the breeding and cultivation of oil palms, to the milling and refining of crude palm oil, and the marketing and distribution of cooking oil, margarine, shortening and other derivative products. The Indo Agri Group also engages in the cultivation of other crops such as rubber, cocoa and tea. The Proposed Subscription will enable the Indo Agri Group to expand and diversify its existing agribusiness activities into the areas of sugar cultivation and processing.

The sugar industry is an attractive proposition with growing demand in both the Indonesian and international markets. Domestic demand for sugar in the Indonesian market is increasing, driven by factors such as rapid population growth, the rapid development of the processed food and beverage industries, and the expansion of sugar-based industries such as ethanol processing which utilises molasses as a basic raw material.

This, coupled with a shortfall in domestic supply in Indonesia and a prevailing shift in land use from the growing of food crops to the growing of energy crops, implies a likely positive trend in the price of sugar in the future.

In addition, being part of the Indofood Group, the Target Company will, following completion of the Proposed Subscription be able to leverage on the Indofood Group's established distribution network in Indonesia.

The audited net asset value of the Target Company was approximately Rp64.0 billion (equivalent to approximately US\$6.8 million or HK\$53.0 million) as at 31 December 2007. The audited net loss before and after tax of the Target Company for the financial year ended 31 December 2007 was approximately Rp22.2 billion (equivalent to approximately US\$2.4 million or HK\$18.9 million, and Rp17.7 billion (equivalent to approximately US\$1.9 million or HK\$15.1 million), respectively. The audited net loss before and after tax of Target Company for the financial year ended 31 December 2006 was approximately Rp9.5 billion (equivalent to approximately US\$1.0 million or HK\$8.1 million) and Rp6.9 billion (equivalent to approximately US\$0.8 million or HK\$5.9 million), respectively.

## **VIEWS OF THE DIRECTORS**

Based on the information currently available to the Directors and specifically subject to satisfaction of all of the Conditions Precedent (including the completion of the due diligence review and, provision of the independent financial adviser's report and the independent valuation report and any findings arising out of that review and those reports which would impact on the views of the Directors set out herein), the Directors (other than the Independent Non-Executive Directors) consider that the terms of the Proposed Subscription are on normal commercial terms, fair and reasonable and in the interests of the Company's shareholders as a whole.

Similarly, the views of the Independent Non-Executive Directors are necessarily subject to and contingent upon satisfaction of all Conditions Precedent, including the completion of the due diligence review, review and provision of the independent financial adviser's report and the independent valuation report and a consideration of the findings of those reports and will be confirmed in a subsequent announcement when that review and those reports have been completed. Subject to the foregoing, the Independent Non-Executive Directors have no reason to believe that the views of the Directors set out above are unfounded.

## **INFORMATION ON THE COMPANY AND THE COUNTERPARTIES**

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

The Target Company is an Indonesia incorporated limited liability company in the business of plantation development in Indonesia. The Target Company is currently in a pre-operating stage and has not yet formally commenced its operation. The Target Company currently owns:

- (a) a sugar cane plantation located in Kabupaten Ogan Komering Ulu Timur, a province of South Sumatra, Indonesia, with a total certificated land of approximately 21,500 hectares, of which approximately 18,600 hectares is intended to be cultivated with sugar cane. As of 31 March 2008, approximately 2,745 hectares is planted with sugar cane;
- (b) a sugar cane production factory located in Kabupaten Pati, a province of Middle Java, Indonesia, which is currently being rehabilitated to re-commerce sugar cane production and is expected to commence production by about June 2008; and
- (c) a sugar cane production factory located in Kabupaten Ogan Komering Ulu Timur, a province of South Sumatra, Indonesia, for which construction commenced in April 2008 and production is presently expected to commence by the end of 2010.

PT BSS, Irsan Samsuddin, Iwan Samsuddin, Suriati Samsuddin and Darsono are existing shareholders in the Target Company.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, the Company is interested in approximately 29.8% economic interest in Indo Agri, which in turn holds 90% of the issued share capital of SIMP.

PT BSS and the Target Company are members of the group of companies controlled by Mr. Anthoni Salim (“Salim Group”). The Salim Group in turn is a controlling shareholder of the Group. Accordingly, PT BSS and the Target Company are Associates of the Salim Group and therefore connected persons of the Company under the Listing Rules. Therefore, the Proposed Subscription also constitutes a connected transaction for the Company under the Listing Rules. As the relevant applicable percentage ratios (as defined in the Listing Rules) for the Proposed Subscription exceed 0.1% but do not exceed 2.5%, the Proposed Subscription is only subject to reporting and announcement requirement and is exempt from independent shareholders’ approval requirements pursuant to Rule 14A.32 of the Listing Rules.

## **DEFINITIONS**

“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, whose shares are listed on the Exchange;
“Directors”	the directors of the Company;
“Exchange”	The Stock Exchange of Hong Kong Limited;

“Group”	the Company and its subsidiaries from time to time;
“HK\$”	the lawful currency of the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Non-Executive Directors”	the independent non-executive directors of the Company;
“Indo Agri”	Indofood Agri Resources Ltd., an indirect subsidiary of the Company, a company incorporated in Singapore with limited liability, whose shares are listed on the Singapore Stock Exchange;
“Indo Agri Group”	Indo Agri and its subsidiaries from time to time;
“Indofood”	PT Indofood Sukses Makmur Tbk, a company incorporated in Indonesia, whose shares are listed on the Indonesia Stock Exchange, and a 51.5% 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 Exchange;
“Minority Shareholders”	Irsan Samsuddin, Iwan Samsuddin and Suriati Samsuddin;
“PT BSS”	PT Bangun Sriwijaya Sentosa, a shareholder of Class A and Class B shares in the Target Company as at the date of this announcement;
“Rp”	Rupiah, the lawful currency of Indonesia;
“SIMP”	PT Salim Ivomas Pratama, an indirect subsidiary of the Company;
“US\$”	the lawful currency of the United States; and
“%”	percentage.

Unless stated otherwise, translations of quoted currency values are made on an approximate basis and at the rate of US\$1.00 = 9,240 Rupiah = HK\$7.8. 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, 20 May 2008

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

Anthoni Salim, *Chairman*

Manuel V. Pangilinan, *Managing Director and CEO*

Edward A. Tortorici

Robert C. Nicholson

Ambassador Albert F. del Rosario

Professor Edward K.Y. Chen\*, *GBS, CBE, JP*

Napoleon L. Nazareno

Tedy Djuhar

Sutanto Djuhar

Ibrahim Risjad

Benny S. Santoso

Graham L. Pickles\*

Sir David W.C. Tang\*, *KBE*

\* *Independent Non-executive Directors*