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FIRST PACIFIC COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

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

(Stock code: 00142)

ANNOUNCEMENT

DISCLOSEABLE TRANSACTIONS ACQUISITION OF ADDITIONAL INTEREST IN MAYNILAD AND RECAPITALISATION OF MPIC

Reference is made to the Company's overseas regulatory announcements dated 30 June 2008 and 5 March 2008.

Acquisition by MPIC of additional interest in the Consortium in relation to the Maynilad Acquisition

Reference is also made to the Company's announcement dated 5 December 2006 and its shareholders' circular dated 27 December 2006 relating to the acquisition of an interest by the Company, through a consortium which includes Metro Pacific Investments Corporation, in Maynilad Water Services, Inc. Maynilad holds an exclusive concession, granted by the Philippines' Metropolitan Waterworks and Sewerage System, on behalf of the Philippine government, to provide water and sewerage services in the area of West Metro Manila. As referred to in the December 2006 Announcement and the December 2006 Circular, MPIC has a 50% interest in the Consortium and certain Ashmore Funds (and their affiliates) provided part of the financing for the Maynilad Acquisition by way of convertible and exchangeable debts.

The Company is pleased to announce that its affiliates signed certain agreements with the Ashmore Funds (and their affiliates) on 27 June, 2008, to purchase and/or repay the convertible and exchangeable debts from the Ashmore Funds (and their affiliates) for a total consideration of US\$140 million (approximately HK\$1,092 million). Upon completion of the Acquisition, the Ashmore Funds (and their affiliates) will no longer have any interest in the Consortium.

The Acquisition will be funded by internal cash resources of the Group. The acquired interest in the Consortium will be consolidated and be held by MPIC following completion of the Acquisition. Such consolidation of the interest in the Consortium by MPIC will be partially funded by the Additional Funding Shares as part of the Share Issuance (described under the section “*Recapitalisation of MPIC*”, below) and partially funded by an advance of US\$40 million (approximately HK\$312 million) (bearing market interest rates) from the Group.

Recapitalisation of MPIC

In addition, the Company is pleased to announce a recapitalisation of MPIC involving the issuance of a total of 5,684,808,068 new common shares in the capital of MPIC to MPHI, a Philippine affiliate of the Company, following an increase of authorised capital by MPIC (which increase of capital is subject to the consent of the Philippine Securities and Exchange Commission). The recapitalisation is part of the Company’s and its affiliates’ plan to recapitalise and reorganise their respective assets in the Republic of the Philippines with the primary aim of repositioning MPIC within the Philippine economy in order to fully establish itself as a robustly capitalised corporate vehicle positioned to make investments in potentially high-growth sectors of the Philippine economy, including the real estate, utilities/infrastructure and healthcare sectors.

In relation to the Share Issuance, of the 5,684,808,068 total New MPIC Shares to be issued to MPHI:

- (a) 1,568,925,223 New MPIC Shares will be issued at a price of PhP2.00 (approximately US\$0.045 and approximately HK\$0.35) per share for cash to MPHI and the proceeds of the subscription will be used by MPIC to acquire convertible debt originally provided by the Company in connection with the Maynilad Acquisition with the remaining proceeds to be used to repay advances made by MPHI to fund the acquisition of a 34% interest in Davao Doctors Hospital in May 2008;
- (b) 1,893,282,845 New MPIC Shares will (subject to the consent of the Philippine Securities and Exchange Commission) be issued (1,237,002,525 New MPIC Shares at a price of PhP1.08236 (approximately US\$0.0243 or approximately HK\$0.19) per share and 656,280,320 New MPIC Shares at a price of PhP1.05286 (approximately US\$0.0237 or approximately HK\$0.185) per share) in consideration of the recapitalisation of certain existing shareholders’ advances that were used to fund the Maynilad Acquisition and the acquisition of a 33.45% interest in Medical Doctors Inc., the owner and operator of the Makati Medical Center in the Republic of the Philippines; and
- (c) 2,222,600,000 New MPIC Shares will (subject to the consent of the Philippine Securities and Exchange Commission) be issued at a price of PhP2.00 (approximately US\$0.045 and approximately HK\$0.35) per share and subscribed for by MPHI in cash under the recapitalisation programme and such cash consideration will be applied to partially fund the consolidation of the interest in the Consortium by MPIC.

In relation to the Share Issuance, the New MPIC Shares shall have the same rights and privileges as the common shares of MPIC currently outstanding. MPIC is currently approximately 85.6% owned by MPHI. The equity structure of MPIC before and after the completion of the Share Issuance is set out below in this announcement.

Following the completion of the Share Issuance, MPHI's interest in MPIC will be increased from approximately 85.6% to approximately 97.3%.

The Acquisition and the Share Issuance each constitutes a discloseable transaction for the Company under the Listing Rules. Accordingly, a circular containing further details of the Acquisition and the Share Issuance will be despatched to the Company's shareholders in accordance with the requirements of the Listing Rules.

Introduction

Reference is made to the overseas regulatory announcements of First Pacific Company Limited (the "Company" or "First Pacific") dated 30 June 2008 and 5 March 2008.

Acquisition by MPIC of additional interest in the Consortium in relation to the Maynilad Acquisition

Reference is also made to the Company's announcement dated 5 December 2006 ("December 2006 Announcement") and its shareholders' circular dated 27 December 2006 ("December 2006 Circular") relating to the acquisition of an interest by the Company through a consortium (the "Consortium") which includes Metro Pacific Investments Corporation ("MPIC") in Maynilad Water Services, Inc. ("Maynilad"). Maynilad holds an exclusive concession, granted by the Philippines' Metropolitan Waterworks and Sewerage System, on behalf of the Philippine government, to provide water and sewerage services in the area of West Metro Manila (the "Maynilad Acquisition"). As referred to in the December 2006 Announcement and the December 2006 Circular, MPIC has a 50% interest in the Consortium and certain funds managed by Ashmore Investment Management Limited ("Ashmore Funds") (and their affiliates) provided part of the financing for the Maynilad Acquisition by way of convertible and exchangeable debts.

The Company is pleased to announce that its affiliates have signed certain agreements with the Ashmore Funds (and their affiliates) on 27 June, 2008, to purchase and/or repay the convertible and exchangeable debts from such Ashmore Funds (and their affiliates) for a total consideration of US\$140 million (approximately HK\$1,092 million) (the "Acquisition"). Upon completion of the Acquisition, the Ashmore Funds (and their affiliates) will no longer have any interest in the Consortium.

The consideration for the Acquisition was arrived at after negotiations on an arm's length basis and on a willing buyer and willing seller basis, taking into account, inter alia, the comparable multiples, the net asset value and the business prospects of Maynilad.

The net asset value of Maynilad as at 31 December 2007 is PhP4,510 million (approximately US\$101.5 million and approximately HK\$791.4 million) and the net profits of Maynilad before and after taxation and extraordinary items are PhP1,163 million (approximately US\$26.2 million and approximately HK\$204.1 million) and PhP1,255 million (approximately US\$28.2 million and approximately HK\$220.2 million), respectively, for the financial year ended 31 December 2007 and the net profits of Maynilad before and after taxation and extraordinary items are PhP779 million (approximately US\$17.5 million and approximately HK\$136.7 million) and PhP1,004 million (approximately US\$22.6 million and approximately HK\$176.2 million), respectively, for the financial year ended 31 December 2006.

The Acquisition will be funded by internal cash resources of the First Pacific group of companies (the “Group”). The acquired interest in the Consortium will be consolidated and be held by MPIC following completion of the Acquisition. Such consolidation of the interest in the Consortium by MPIC will be partially funded by the Additional Funding Shares as part of the Share Issuance (described under the section “*Recapitalisation of MPIC*”, below) and partially funded by an advance of US\$40 million (approximately HK\$312 million) (bearing market interest rates) from the Group.

Recapitalisation of MPIC

In addition, the Company is pleased to announce a recapitalisation of MPIC involving the issuance of a total of 5,684,808,068 new common shares in the capital of MPIC (“New MPIC Shares”) (the “Share Issuance”) to Metro Pacific Holdings, Inc. (“MPHI”), a Philippine affiliate of the Company, following an increase of authorised capital by MPIC (which increase of capital is subject to the consent of the Philippine Securities and Exchange Commission (“SEC”). The recapitalisation is part of the Company’s and its affiliates’ plan to recapitalise and reorganise their respective assets in the Republic of the Philippines with the primary aim of repositioning MPIC within the Philippine economy in order to fully establish itself as a robustly capitalised corporate vehicle positioned to make investments in potentially high-growth sectors of the Philippine economy, including the real estate, utilities/infrastructure and healthcare sectors.

In relation to the Share Issuance, of the 5,684,808,068 total New MPIC Shares to be issued to MPHI:

- (a) 1,568,925,223 New MPIC Shares (the “Funding Shares”) will be issued at a price of PhP2.00 (approximately US\$0.045 and approximately HK\$0.35) per share for cash to MPHI and the proceeds of the subscription will be used by MPIC to acquire convertible debt originally provided by the Company in connection with the Maynilad Acquisition with the remaining proceeds to be used to repay advances made by MPHI to fund the acquisition of a 34% interest in Davao Doctors Hospital in May 2008;
- (b) 1,893,282,845 New MPIC Shares (the “Recapitalisation Shares”) will (subject to the consent of the SEC) be issued (1,237,002,525 New MPIC Shares at a price of PhP1.08236 (approximately US\$0.0243 and approximately HK\$0.19) per share and 656,280,320 New MPIC Shares at a price of PhP1.05286 (approximately US\$0.0237 and approximately HK\$0.185) per share) in consideration of the recapitalisation of certain existing shareholders’ advances that were used to fund the Maynilad Acquisition and the acquisition of a 33.45% interest in Medical Doctors Inc., the owner and operator of the Makati Medical Center in the Republic of the Philippines; and
- (c) 2,222,600,000 New MPIC Shares (the “Additional Funding Shares”) will (subject to the consent of the SEC) be issued at a price of PhP2.00 (approximately US\$0.045 and approximately HK\$0.35) per share and subscribed for by MPHI in cash under the recapitalisation programme and such cash consideration will be applied to partially fund the consolidation of the interest in the Consortium by MPIC.

Terms of the Share Issuance

In relation to the Share Issuance, the New MPIC Shares shall have the same rights and privileges as the common shares of MPIC currently outstanding. MPIC is currently approximately 85.6% owned by MPHI. The equity structure of MPIC before and after the Share Issuance is set out below:

	Existing		Issuance of Funding Shares		Resulting		Issuance of Recapitalisation Shares		Resulting		Issuance of Additional Funding Shares		Resulting	
		%				%				%				%
MPHI	1,150,050,000	85.6%	1,568,925,223	2,718,975,223	93.4%	1,893,282,845	4,612,258,068	96.0%	2,222,600,000	6,834,858,068	97.3%			
Public	192,868,745	14.4%	-	192,868,745	6.6%	-	192,868,745	4.0%	-	192,868,745	2.7%			
	<u>1,342,918,745</u>	<u>100.0%</u>	<u>1,568,925,223</u>	<u>2,911,843,968</u>	<u>100.0%</u>	<u>1,893,282,845</u>	<u>4,805,126,813</u>	<u>100.0%</u>	<u>2,222,600,000</u>	<u>7,027,726,813</u>	<u>100.0%</u>			

Authorised	Shares	Peso value
Common	11,950,000,000	11,950,000,000
Preferred	5,000,000,000	50,000,000
	<u>16,950,000,000</u>	<u>12,000,000,000</u>

Following the completion of the Share Issuance, MPHI's interest in MPIC will be increased from approximately 85.6% to approximately 97.3%.

The subscription prices of the New MPIC Shares are determined on the following bases:

- in respect of the Funding Shares and the Additional Funding Shares – net asset value approach; and
- in respect of the Recapitalisation Shares – the stated conversion price under the various existing relevant agreements in respect of the existing shareholders' advances of MPIC.

The net asset value of MPIC as at 31 December 2007 is PhP2,383 million (approximately US\$53.6 million and approximately HK\$418.1 million) and the net profits of MPIC before and after taxation and extraordinary items are PhP721 million (approximately US\$16.2 million and approximately HK\$126.5 million) and PhP168 million (approximately US\$3.8 million and approximately HK\$29.5 million), respectively, for the financial year ended 31 December 2007 and the net losses of MPIC before and after taxation and extraordinary items are PhP512 million (approximately US\$11.5 million and approximately HK\$89.8 million) and PhP686 million (approximately US\$15.4 million and approximately HK\$120.4 million), respectively, for the financial year ended 31 December 2006.

Reasons for the Transactions

The directors of the Company believe that there is significant up side potential in increasing MPIC's interest in Maynilad by way of the Acquisition as water distribution is an essential infrastructure service and has the potential to provide stable operating cash flows. In addition, Maynilad has 14 years remaining of a 25 year exclusive concession to provide water to West Metro Manila, an extensive and populous area covering eight cities and two municipalities in the Metro Manila area and one city and five municipalities in Cavite province, which is a rapidly industrialising province.

The recapitalisation of MPIC by way of the Share Issuance will place MPIC in a position to fund its growth in its core businesses in line with its corporate reorganisation and recapitalisation plan which aims at placing MPIC in a position to make significant investments in potentially high-growth sectors of the Philippine economy, including the real estate, utilities/infrastructure and healthcare sectors.

The directors of the Company believe that the terms of the Acquisition and the Share Issuance are fair and reasonable and in the interests of the Company's shareholders as a whole.

Listing Rules Implications

The Acquisition and the Share Issuance each individually constitutes a discloseable transaction for the Company under The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Accordingly, a circular containing further details of the Acquisition and the Share Issuance will be despatched to the Company's shareholders in accordance with the requirements of the Listing Rules.

General

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.

MPIC is a Philippine corporation in which MPHI has an approximate 85.6% attributable economic interest and is an investment and management company with holdings in a water utility, real estate development and healthcare enterprises.

Ashmore Investment Management Limited, which is based in London, is one of the world's leading specialist emerging market fund managers, managing approximately US\$36.3 billion (approximately HK\$283.1 billion) as at 31 March 2008 in pooled funds, segregated accounts and structured products for pension funds, central banks and other institutional investors.

To the best of the directors' knowledge, information and belief and having made all reasonable enquiry, the counterparties referred to in this announcement and the ultimate beneficial owners of such counterparties are third parties independent of the Company and its connected persons.

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

Hong Kong, 2 July 2008

Unless otherwise stated, translations of quoted currency values are made on an approximate basis and at the rate of US\$1.00 = PhP44.452 = HK\$7.8. Percentages and figures expressed in millions and billions have been rounded.

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

Napoleon L. Nazareno

Ambassador Albert F. del Rosario

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

Tedy Djuhar

Sutanto Djuhar

Ibrahim Risjad

Benny S. Santoso

Graham L. Pickles*

Prof. Edward K.Y. Chen*, *GBS, CBE, JP*

* *Independent non-executive directors of the Company*