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## **FIRST PACIFIC COMPANY LIMITED**

*(Incorporated in Bermuda with limited liability)*

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

*(Stock code: 00142)*

### **ANNOUNCEMENT**

### **DISCLOSEABLE TRANSACTION**

### **PROPOSED ACQUISITION BY METRO PACIFIC INVESTMENTS CORPORATION OF UP TO 100% INTEREST IN FIRST PHILIPPINE INFRASTRUCTURE, INC. AND TENDER OFFER**

#### **INTRODUCTION**

Reference is made to the overseas regulatory announcement of First Pacific Company Limited dated 7 August 2008.

The Company is pleased to announce that on 7 August 2008, the letter agreement dated 1 August 2008 executed by Benpres Holdings Corporation and First Philippine Holdings Corporation in favour of Metro Pacific Investments Corporation, a Philippine company which is part of the FPC Group on account of the equity interest of an affiliate of the Company, became effective.

Under the Letter Agreement, MPIC offered to purchase the respective shareholding interests of Benpres and FPH (being, approximately 48.08% and approximately 50.05%, respectively, as at the date of this announcement and 48.92% and 50.92%, respectively, as at the completion of the Proposed Acquisition) in First Philippine Infrastructure, Inc.

As at the date of this announcement, an approximate 1.87% interest in FPII is held in the hands of the general public. The offer under the Letter Agreement assumes that at Completion, the shares held by the Public Shareholders will be reduced to approximately 0.16% following the acquisition by FPII of shares of its capital stock representing 1.71% held by the Public Shareholders prior to Completion.

FPII is a company whose shares are listed and traded on the Philippine Stock Exchange. FPII owns 100% of the issued and outstanding capital stock of First Philippine Infrastructure Development Corporation, which in turn owns approximately 67.1% interest in Manila North Tollways Corporation and 46% interest in Tollways Management Corporation.

MNTC was granted the Supplemental Toll Operating Agreement in June 1998 to finance, design, construct, operate and maintain the toll roads, toll facilities and other facilities generating toll-related income, in respect of the North Luzon Expressway in the Republic of the Philippines. MNTC has the right to (i) operate and manage the existing 83.7 km NLEX and the 8.5 km Subic-Tipo Expressway; and (ii) build-out, operate and manage Phase 2, which is the continuation of the missing link of C5 that would extend up to the Manila Port Area, crossing the NLEX near the Valenzuela interchange, and will decongest the traffic ingress into the Balintawak stretch of the NLEX.

Additionally, as part of the Proposed Acquisition, MPIC shall have the right to operate and manage, through a consortium, the 65.8 km SCTEX direct link between Subic Bay Free Port and Clark Economic Zone; and to acquire the 34% interest of First Balfour, Inc. in Private Infra Development Corporation which was awarded the concession to extend the NLEX another 88.5 kms from Tarlac to Rosario, La Union when completed in full by 2013. The Company will comply with any applicable Listing Rules in respect of the said acquisition of 34% interest in Private Infra Development Corporation, as and when appropriate.

The Company understands from Benpres and FPH that FPII will acquire 1.71% of the outstanding shares in its own capital stock held by the public prior to Completion. FPII will acquire 87,020,160 out of the 95,000,000 shares held by the Public Shareholders, such that at Completion, the number of FPII shares held by the Public Shareholders shall be reduced to 7,979,840, or approximately 0.16% and the proportionate interests of FPH and Benpres will be increased to approximately 48.92% and approximately 50.92%, respectively.

Completion is subject to certain conditions precedent and is expected to take place by November 2008.

Subject to Completion, MPIC is required to make a tender offer to the Public Shareholders in accordance with the Philippine Securities Regulation Code (Republic Act No. 8799, as amended) and any applicable laws and regulations in the Republic of the Philippines to purchase up to the remaining approximately 0.16% interest in FPII from the Public Shareholders.

One or more further announcements will be made by the Company, as appropriate, in relation to the implementation of the Proposed Acquisition and, following Completion, the results of the Tender Offer.

## **CONSIDERATION FOR THE PROPOSED ACQUISITION AND THE TENDER OFFER**

The consideration for the Proposed Acquisition is 12.262 billion Philippine Peso (“PhP”) (approximately US\$278.7 million and approximately HK\$2.2 billion) broken down into PhP11.8 billion (approximately US\$268.2 million and HK\$2.1 billion) to be settled in cash at Completion and the assumption by MPIC of certain advances amounting to PhP462.6 million (approximately US\$10.5 million and approximately HK\$0.1 billion). The consideration for the Tender Offer is PhP19.7 million (approximately US\$0.4 million and approximately HK\$3.5 million) or on a per share price basis, PhP2.46705 (approximately US5.61 cents and approximately HK43.73 cents).

The consideration for the Proposed Acquisition and the Tender Offer were arrived at on an arm's length basis and on a willing buyer and willing seller basis, taking into account the valuation of FPII's effective 67.1% equity interest in MNTC.

The Tender Offer price per share is determined based on the consideration for the Proposed Acquisition over the total number of Sale Shares to be acquired by MPIC.

The Proposed Acquisition and the Tender Offer by MPIC will be initially funded by shareholder advances from the Company, and internal resources. The acquired interest in FPII will be consolidated and held by MPIC following Completion.

### **REASONS FOR THE TRANSACTIONS**

Following the Group's investment in the water business in the Philippines, the directors of the Company see significant upside potential in continuing to invest in essential infrastructural services in the Philippines. In particular, Directors believe that the Proposed Acquisition (subject to Completion), which will result in MPIC holding approximately 67.1% effective interest in MNTC (on the basis that MPIC takes up the entire 0.16% shares in FPII held by the Public Shareholders), has the potential to provide stable cash flows and growth to the Group as the coverage of MNTC's tollways business expands. MNTC holds a concession to finance, design, construct, operate and maintain the toll roads, toll facilities and other facilities generating toll-related income, in respect of the North Luzon Expressway in the Philippines.

### **LISTING RULES IMPLICATIONS**

The Proposed Acquisition and the Tender Offer together constitute a discloseable transaction for the Company under the Listing Rules. Accordingly, a circular containing further details of the Proposed Acquisition and the Tender Offer will be despatched to the Company's shareholders in accordance with the requirements of Listing Rules.

## **INTRODUCTION**

Reference is made to the overseas regulatory announcement of First Pacific Company Limited (the "Company" or "First Pacific") dated 7 August 2008 (the "ORA").

The Company is pleased to announce that on 7 August 2008, the letter agreement dated 1 August 2008 (the "Letter Agreement") executed by Benpres Holdings Corporation ("Benpres") and First Philippine Holdings Corporation ("FPH") in favour of Metro Pacific Investments Corporation ("MPIC"), a Philippine company which is part of the FPC Group on account of the equity interest of an affiliate of the Company, became effective.

Under the Letter Agreement, MPIC offered to purchase the respective shareholding interests of Benpres and FPH (the "Sale Shares") (the "Proposed Acquisition") (being, approximately 48.08% and approximately 50.05%, respectively, as at the date of this announcement and 48.92% and 50.92%, respectively, as at the completion of the Proposed Acquisition ("Completion")), in First Philippine Infrastructure, Inc. ("FPII").

As at the date of this announcement, an approximate 1.87% interest in FPII is held in the hands of the general public (the “Public Shareholders”). The offer under the Letter Agreement assumes that at Completion, the shares held by the Public Shareholders will be reduced to approximately 0.16% following the acquisition by FPII of shares of its capital stock representing 1.71% held by the Public Shareholders prior to Completion.

FPII is a company whose shares are listed and traded on the Philippine Stock Exchange. FPII owns 100% of the issued and outstanding capital stock of First Philippine Infrastructure Development Corporation (“FPIDC”), which in turn owns approximately 67.1% interest in Manila North Tollways Corporation (“MNTC”) and 46% interest in Tollways Management Corporation (“TMC”).

MNTC was granted the Supplemental Toll Operating Agreement in June 1998 to finance, design, construct, operate and maintain the toll roads, toll facilities and other facilities generating toll-related income, in respect of the North Luzon Expressway (“NLEX”) in the Republic of the Philippines (the “Philippines”). MNTC has the right to (i) operate and manage the existing 83.7 km NLEX and the 8.5 km Subic-Tipo Expressway; and (ii) build-out, operate and manage Phase 2, which is the continuation of the missing link of C5 that would extend up to the Manila Port Area, crossing the NLEX near the Valenzuela interchange, and will decongest the traffic ingress into the Balintawak stretch of the NLEX.

Additionally, as part of the Proposed Acquisition, MPIC shall have the right to operate and manage, through a consortium, the 65.8 km SCTEX direct link between Subic Bay Free Port and Clark Economic Zone; and to acquire the 34% interest of First Balfour, Inc. in Private Infra Development Corporation which was awarded the concession to extend the NLEX another 88.5 kms from Tarlac to Rosario, La Union when completed in full by 2013. The Company will comply with any applicable Listing Rules in respect of the said acquisition of 34% interest in Private Infra Development Corporation, as and when appropriate.

The Company understands from Benpres and FPH that FPII will acquire 1.71% of the outstanding shares in its own capital stock held by the public prior to Completion. FPII will acquire 87,020,160 out of the 95,000,000 shares held by the Public Shareholders, such that at Completion, the number of FPII shares held by the Public Shareholders shall be reduced to 7,979,840, or approximately 0.16% and the proportionate interests of FPH and Benpres will be increased to approximately 48.92% and approximately 50.92%, respectively.

Subject to Completion, MPIC is required to make a tender offer to the Public Shareholders in accordance with the Philippine Securities Regulation Code (Republic Act No. 8799, as amended) and any applicable laws and regulations in the Republic of the Philippines (the “Tender Offer”) to purchase up to the remaining approximately 0.16% interest in FPII from the Public Shareholders.

The Proposed Acquisition is expected to close by November 2008.

One or more further announcements will be made by the Company, as appropriate, in relation to the implementation of the Proposed Acquisition and, following Completion, the results of the Tender Offer.

## **CONSIDERATION FOR THE PROPOSED ACQUISITION AND THE TENDER OFFER**

The consideration for the Proposed Acquisition is 12.262 billion Philippine Peso (“PhP”) (approximately US\$278.7 million and approximately HK\$2.2 billion) broken down into PhP11.8 billion (approximately US\$268.2 million and approximately HK\$2.1 billion) to be settled in cash at Completion and the

assumption by MPIC of certain advances amounting to PhP462.6 million (approximately US\$10.5 million and approximately HK\$0.1 billion). The consideration for the Tender Offer is PhP19.7 million (approximately US\$0.4 million and approximately HK\$3.5 million) or on a per share price basis, PhP2.46705 (approximately US\$5.61 cents and approximately HK\$43.73 cents).

The consideration for the Proposed Acquisition and the Tender Offer were arrived at on an arm's length basis and on a willing buyer and willing seller basis, taking into account the valuation of FPII's effective 67.1% equity interest in MNTC.

The Tender Offer price per share is determined based on the consideration for the Proposed Acquisition over the total number of Sale Shares to be acquired by MPIC.

The acquired interest in FPII will be consolidated and held by MPIC following Completion. The Proposed Acquisition and the Tender Offer by MPIC will be initially funded by shareholder advances from the Company, and internal resources.

### **FINANCIAL POSITION OF FPII, MNTC AND TMC**

The net asset value of FPII as at 31 December 2007 is PhP7,048.1 million (approximately US\$170.7 million and approximately HK\$1,331.8 million) and the net profits of FPII before and after taxation and extraordinary items are PhP2,334.7 million (approximately US\$50.9 million and approximately HK\$397.1 million) and PhP1,497.9 million (approximately US\$32.7 million and approximately HK\$254.8 million), respectively, for the financial year ended 31 December 2007 and net profits of FPII before and after taxation and extraordinary items are PhP2,038.3 million (approximately US\$39.8 million and approximately HK\$310.8 million) and PhP1,342.4 million (approximately US\$26.2 million and approximately HK\$204.7 million), respectively, for the financial year ended 31 December 2006.

The net asset value of MNTC as at 31 December 2007 is PhP7,967.4 million (approximately US\$193.0 million and approximately HK\$1,505.5 million) and the net profits of MNTC before and after taxation and extraordinary items are PhP1,984.5 million (approximately US\$43.3 million and approximately HK\$337.5 million) and PhP1,929.9 million (approximately US\$42.1 million and approximately HK\$328.2 million), respectively, for the financial year ended 31 December 2007 and net profits of MNTC before and after taxation and extraordinary items are PhP1,689.6 million (approximately US\$6.4 million and approximately HK\$50.4 million) and PhP1,694.9 million (approximately US\$33.1 million and approximately HK\$258.4 million), respectively, for the financial year ended 31 December 2006.

The net asset value of TMC as at 31 December 2007 is PhP251.1 million (approximately US\$6.1 million and approximately HK\$47.4 million) and the net profits of TMC before and after taxation and extraordinary items are PhP277.8 million (approximately US\$6.1 million and approximately HK\$47.3 million) and PhP180.7 million (approximately US\$3.9 million and approximately HK\$30.7 million), respectively, for the financial year ended 31 December 2007 and net profits of TMC before and after taxation and extraordinary items are PhP326.9 million (approximately US\$6.4 million and approximately HK\$49.8 million) and PhP214.8 million (approximately US\$4.2 million and approximately HK\$32.7 million), respectively, for the financial year ended 31 December 2006.

## **CONDITIONS PRECEDENT FOR COMPLETION**

Completion is subject to certain conditions precedent, including, amongst others:

- (a) MPIC shall have conducted a financial and legal due diligence on the target companies and the Sale Shares to cover the periods ending no earlier than one month prior to the Closing, with results satisfactory to MPIC and its advisors;
- (b) execution of the sale agreements relating to the Proposed Acquisition; and
- (c) receipt of any regulatory and third party registrations, filings, consents and/or waivers necessary for Completion (including any approval of the Proposed Acquisition by MNTC's lenders).

The conditions precedent to Completion can be waived by MPIC at its sole discretion.

## **REASONS FOR THE TRANSACTIONS**

Following the Group's investment in the water business in the Philippines, the directors of the Company (the "Directors") see significant up side potential in continuing to invest in essential infrastructural services in the Philippines. In particular, Directors believe that the Proposed Acquisition (subject to Completion), which will result in MPIC holding approximately 67.1% effective interest in MNTC (on the basis that MPIC takes up the entire 0.16% shares in FPII held by the Public Shareholders), has the potential to provide stable cash flows and growth to the Group as the coverage of MNTC's tollways business expands. MNTC holds a concession to finance, design, construct, operate and maintain the toll roads, toll facilities and other facilities generating toll-related income, in respect of the North Luzon Expressway in the Philippines.

Based on information currently available and subject to a satisfactory conclusion of a due diligence review of the target companies in respect of the Proposed Acquisition, the Directors believe that the terms of the Proposed Acquisition and the Tender Offer are fair and reasonable and in the interests of the Company's shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

The Proposed Acquisition and the Tender Offer together constitute a discloseable transaction for the Company under the Listing Rules. Accordingly, a circular containing further details of the Proposed Acquisition and the Tender Offer will be despatched to the Company's shareholders in accordance with the requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (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, the shares of which are listed and traded on the Philippine Stock Exchange and is an investment and management company with holdings in a water utility, real estate development and healthcare enterprises.

TMC primarily engages in and carries on the operations and maintenance of tollways, its facilities, interchanges and related works, roads, highways, bridges, buildings and structures of all kinds.

Each of FPPI, Benpres and FPH is a publicly listed company, the shares of which are listed and traded on the Philippine Stock Exchange.

Benpres is an investment holding company involved in, amongst other things, provision of public services, utilities and basic infrastructure and development of residential buildings, hotels, office tower, retail centre, and serviced apartment properties in the Philippines.

FPH is a holding company with core investments in power and tollways, and strategic initiatives in property and manufacturing in the Philippines.

Save for the Public Shareholders, 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 owner 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, 8 August 2008

*Unless otherwise stated, translations of quoted currency values are made on an approximate basis and at the rate of US\$1.00 = PhP 44.0 = HK\$7.8. The net asset values of FPPI, MNTC and TMC as at 31 December 2007 is translated at the rate of US\$1.00 = PhP41.28 = HK\$7.8. The net profits of FPPI, MNTC and TMC before and after taxation and extraordinary items for the year ended 31 December 2007 are translated at the rate of US\$1.00 = PhP 45.86 = HK\$7.8. The net profits of FPPI, MNTC and TMC before and after taxation and extraordinary items for the year ended 31 December 2006 are translated at the rate of US\$1.00 = PhP51.16 = 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\*  
Professor Edward K.Y. Chen\*, *GBS, CBE, JP*

\* *Independent Non-executive Directors*